FINANCIAL TIMES

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González takes his boldest gamble, Page 22

World news | Business summary

Gorbachev revitalises Soviet leadership

Soviet leader Mikhail Gorbachev consolidated his power within the Soviet Communist Party at the end of his 18-day congress by bringing back to Moscow Anatoly Dobrynin, for 24 years Soviet ambassador to Washington, and by appointing Lev Zaikov, previously party leader in Leningrad, a new member of the Politburo.

Dobrynin has played a central role in formulating Soviet policy towards the US. His experience will complement the relative inexperience of Foreign Minister Eduard Shevardnadze.

Dobrynin becomes head of the party's international department in charge of relations with Communist parties and non-Communist left-wing parties not in power. Page 24

Palme hunt pictures

Swedish police released the first picture of the man suspected of murdering Prime Minister Olof Palme.

Spain 'against Nato'

A majority of Spaniards will vote against their country's remaining in Nato, according to the last opinion polls before next Wednesday's referendum. Eight leading Spanish bankers said withdrawal from the alliance would have disastrous economic consequences. Page 3

US urges Ethiopia

US officials urged the Ethiopian Government to abandon a plan to resettle 1.5m Ethiopians. They said the programme was coercive and had already cost tens of thousands of lives.

Liberia lifts ban

Liberian President Samuel Doe lifted a ban on journalists', teachers' and students' union imposed after an abortive coup in November.

Manager charged

Roland d'Haenens, manager of a US-Belgian petrochemicals plant in Antwerp, was charged with manslaughter after investigations into leaks from the plant that killed one worker and injured 12 others.

Haiti amnesty

Haiti declared a general amnesty after rioting in the National Prison in Port-au-Prince by inmates who started fires and smashed furnishings to protest at conditions. Ousted President Jean-Claude Duvalier is to leave his hotel in Talloires, France, today for Nice. Page 6

Gulf attack

At least two seamen were killed and seven others wounded in a rocket attack in the Gulf that set fire to a Cypriot tanker carrying 27,000 tonnes of petrol.

Missing soldiers

Three Norwegian soldiers were still missing after being buried in an avalanche that killed 13 of their colleagues during Nato military exercises in northern Norway.

Mandela office blast

The offices of the Release Mandela Campaign in Johannesburg were destroyed by an explosion. Page 4

Terror ruling

A US Government panel recommended judicious use of force in fighting terrorism, but opposed random retaliation against countries harbouring terrorists. Page 4

Five die in attack

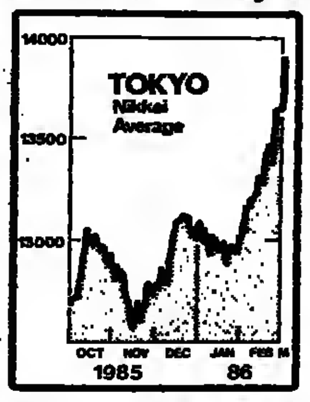
Five people died and 14 were hurt when gunmen tried to kill a moderate Sikh leader in Kapurthala, north India.

Lonely at the top

Alleged car-thief Fabio de Angelis, only prisoner in the only jail in the mountaintop republic of San Marino, escaped.

Pickens to buy oil group for $800m

T. BOONE PICKENS, the Texas oilman and corporate raider, has agreed to buy Pioneer Corporation, an oil and gas company in his home town of Amarillo, Texas, in a deal worth more than $800m. Page 25



TOKYO hit another peak with large-capital electricity financial stocks leading the way on hopes of a further Bank of Japan discount-rate cut. The Nikkei market average was 94.10 higher at a record 13,901.56. Page 46

WALL STREET: The Dow Jones industrial average closed up 9.94 at 1,696.60. Page 46

LONDON: Gilts were buoyed by the Bundesbank move while equities consolidated. The FT Ordinary index slipped 1.9 to 1,299.4. Page 46

DOLLAR fell in London to DM 2.2425 (DM 2.2660), Y179.30 (Y181.55), SFr 1.8990 (SFr 1.9115) and FFr 6.90 (FFr 6.9550). The dollar's exchange-rate index was 116.0 from 117.5. Page 39

STERLING in London rose to $1.4580 ($1.4520) but fell to DM 3.27 (DM 3.29), Y261.5 (Y263.5), SFr 2.7675 (SFr 2.7750), and FFr 10.06 (FFr 10.10). The pound's exchange rate index rose to 73.8 from 73.7. Page 39

GOLD rose $2 an ounce in the London bullion market to finish at $343.40. In Zurich it rose to $343.50. In New York, the Comex April settlement was $344.30. Page 38

VOLKSWAGEN will allow Seat of Spain to set up a separate car distribution and dealer network in North America after the West German group's takeover. Page 25

GENERAL MOTORS of the US has assured the UK Government that it will maintain British and European content of Leyland trucks and Land Rover vehicles at current level if its bid for the companies succeeds. Page 24

TEXACO, US oil major, has closed 1,500 oil wells in California's Kern River field because falling crude oil prices have made them unprofitable. The wells represent about 10 per cent of the company's Kern River production.

WARNER LAMBERT, US pharmaceuticals and non-prescription health-products group, is to sell one of its high-tech hospital-equipment companies for $225m to Becton Dickinson, New Jersey health-care group. Page 25

FERMENTA, Swedish pharmaceuticals and biotechnology group, suffered a sharp fall in its share price when trading resumed after a two-week suspension. Page 25

BERTELSMANN of West Germany, one of the world's biggest media concerns, plans to invest more than DM 2.5bn ($1.1bn) between now and 1988. Page 25

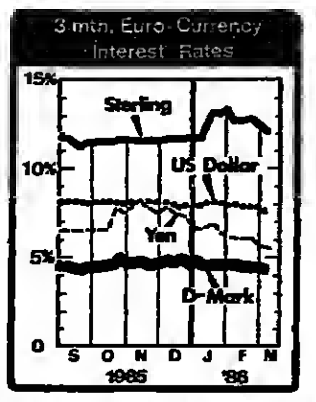
ARGYLL GROUP of the UK will appeal on Monday against the High Court rejection of its attempt to block the revised Guinness bid for Distillers drinks group. Page 24

F. W. WOOLWORTH, US-based retailer, reported record fourth-quarter earnings of $106m, or $3.29 a share, to complete its third year running of profit improvement. Page 25

VEBA, West German utility and energy conglomerate, has announced an increase in its 1985 dividend on the back of a 29 per cent surge in earnings. Page 25

European interest rates ease after Bundesbank lead

BY OUR FOREIGN AND FINANCIAL STAFF



THE WEST German Bundesbank yesterday led a round of cuts in official European interest rates with a 0.5-percentage-point reduction in its key discount rate to 3.5 per cent – its lowest level for seven years.

The Bank of France followed swiftly with a 0.25-point cut to establish its intervention rate at 8.25 per cent from today. The Dutch central bank matched the German reduction and fixed its official discount rate at 4.5 per cent, also from today.

Attention will switch to Tokyo this morning, where the Bank of Japan is expected to announce a 0.5-point reduction in the Japanese discount rate and to set it at 4 per cent from Monday.

Bank officials in Tokyo clearly signalled earlier in the week that a cut in German rates would be followed by Japan, in accordance with the Government's policy of stimulating domestic demand and curbing exports by keeping up the value of the yen.

Economists in the US were divided yesterday about whether the Federal Reserve Board would follow by lowering its discount rate from 7½ per cent.

The Fed has been under intermittent pressure from within the Reagan Administration, and more persistent pressure from Capitol Hill, to ease monetary policy.

Many share the view of Mr Lyle Gramley, chief economist at the Mortgage Bankers Association in Washington and a former Fed Governor, who argues: "There is a less than 50/50 chance" that the Fed will move.

They note that Mr Paul Volcker, the Fed chairman, signalled his concern late last month that the dollar was falling too fast. By widening interest-rate differentials in favour of the dollar, the latest cuts by West Germany and Japan might be expected to stabilise the US currency.

In the UK, government officials were cautious about the prospects for lowering domestic interest rates. It is thought at the Bank of England that the fundamental arguments for current interest-rate levels have not been affected by the cut in European rates. Official resistance to lower bank base rates, however, now appears more muted.

London money-market rates fell yesterday, with one-month rates dropping to only ¾ point above the base rate of 12.5 per cent.

In Parliament, Mrs Margaret Thatcher, the Prime Minister, once again rejected calls for the UK to join the exchange-rate mechanism of the European Monetary System. "One day when we think the time is appropriate we shall join the exchange-rate mechanism," she said. "We do not think it is appropriate now."

The dollar weakened yesterday despite the cut in German interest rates, as they had already been fully anticipated in the US currency's sharp rise on Wednesday. It closed in London at DM 2.2425, more than 2 pfg below the previous day's close. Against the Japanese currency, the dollar also lost more than Y2, closing at Y179.30.

Sterling lost 2 pfg against the D-Mark in quiet trading, closing at DM 3.27. But it made up some

Continued on Page 24

Lex, Page 24; Money markets, Page 39; Stock markets, Page 46

London opens way for export of N. Sea gas

BY DOMINIC LAWSON IN LONDON

COMPANIES operating in the UK sector of the North Sea will be able to export their gas discoveries directly to the European mainland after the privatisation of the British Gas Corporation, the state-owned utility.

A move such as this has been fought for many years by the international oil industry, and, more recently, by the UK Treasury.

Until now, companies have been obliged to land any gas they produce in the UK. This has prevented them exporting profitably.

Yesterday Mr Peter Walker, the Energy Secretary, told the House of Commons: "The Government is prepared to consider applications for waivers of the landing requirement on a case by case basis.

"In doing this, it will take into account considerations relating to the security of the UK's gas supplies, without any presumption that exports should not take place in present circumstances."

The oil industry has argued that British Gas's position as a virtual monopoly buyer, if continued after its sale to the public, would give a private-sector company the ability to determine the rate at which North Sea gas would be depleted. Now the companies will be able, in principle, to find a market outside the UK, if British Gas chooses not to buy.

Mr David Walker, chief executive of Britoil, said yesterday the new policy would "encourage further exploration for gas in the North Sea. It is a recognition of the difficulties the producers have faced in planning their future activities with effectively only a single purchaser of the gas."

For many years the price paid to gas suppliers by continental European utilities has been markedly higher than that offered by British Gas.

The price in Europe is currently in the range $3.60 to $3.70 per million British thermal units (mbtu). Recent deals with British Gas are at around $3.20 per mbtu. But the European contracts tend to be more closely linked to the oil price, and are thus likely to fall to a level nearer the British Gas price.

This trend, together with the general over-supply of gas on the continent, makes any early export of UK gas unlikely.

Mr Walker said yesterday: "We appreciate that opportunities to sell into Europe will be limited in the short term, but the access to a wider market will help establish a fair market price, and make forecasting future prices easier for producers."

The new policy will make it much more difficult for British Gas to keep down the cost of its gas supplies. This need not greatly damage its profitability after privatisation, since it will be allowed to pass on increases in the cost of its gas to its customers.

Although the Government has said it will consider gas export proposals on a case by case basis, the Treaty of Rome might make it difficult for the Government to turn down one company's proposal and accept another's.

Japan to join US airliner plan

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

THE JAPANESE aerospace industry is to join Boeing of the US in the development of the 7J7 prop-fan 150-seater aircraft for service in 1992. It will take up to 35 per cent of total development cost, which may reach $3bn.

An "agreement to sign a memorandum of understanding" was announced in Tokyo by Mr Kenkou Hasegawa, chairman of the Japan Aircraft Development Corporation (JADC) and Mr Frank Shrontz, president of Boeing Commercial Airplane, which is developing the 7J7.

It is seen as a big step forward for prop-fan development – the revolutionary type of powerplant that can cut the fuel consumption of existing jet engines by up to 49 per cent.

A broad preliminary agreement for Japan to join Boeing in future aircraft programmes was initialled some time ago. But the pact now envisaged specially commits the Japanese aerospace industry to participation in full-scale financial, design, development, production and marketing of the 7J7 prop-fan airliner on a risk-sharing basis.

The Japan Aircraft Development Corporation (JADC) represents leading aerospace companies in Japan including Mitsubishi Heavy Industries, Kawasaki Heavy Industries and Fuji Heavy Industries. The JADC will be the overall system co-ordination and management agency for the 7J7 venture.

The possibility of bringing the Japanese fully into the venture has been envisaged by Boeing for some time – the "J" in 7J7 indicates Japanese involvement.

The Japanese industry has been a long-standing collaborator with the US aerospace industry. Many current Japanese aerospace programmes involve manufacture of US military and civil aircraft under licence.

The Boeing-Japanese deal is regarded as a significant confirmation of Boeing's determination to press ahead with the 7J7 in competition with the conventionally powered Airbus A-320, which is due to come into service in 1988-89.

The prop-fan is a development of the original turbo-propeller concept of harnessing a propeller to a gas-turbine engine. It is claimed that the prop-fans now under development by all of the world's leading aero-engine manufacturers will cut fuel consumption by between 25 and 40 per cent compared with existing types of jet engines.

A flight test programme of a prop-fan built by General Electric of the US is to start this year in conjunction with Boeing, designed to prove the overall concept. If it succeeds, Boeing will fully commit the 7J7 to production by midsummer 1987.

BA privatisation plan, Page 8

W. German workers protest against strike laws

By Rupert Cornwell in Bonn

TRADE unionists staged mass demonstrations and stoppages in West Germany yesterday, in the biggest protest so far against strike legislation planned by the centre-right coalition.

According to organisers' estimates 135,000 took part in rallies in North Rhine-Westphalia, the most industrialised German state, and a further 100,000 gathered in Hamburg. The unions claimed that 110,000 attended assemblies in 50 towns in the southern state of Bavaria.

However, neither the size of the turnout, which was disputed by police, nor warnings by union leaders that worse could follow, seems to have dented the Government's determination to push the changes to existing strike legislation through the Bundestag as scheduled on March 21.

"The substance of our amendments will stay," Chancellor Helmut Kohl said here, although he conceded the Government's readiness to consider minor improvements in the text, which essentially curtails the right of workers laid off through strikes elsewhere to receive unemployment benefits from the state.

He accused IG-Metall, the engineering union, which is in the forefront of the campaign against the legislation, of demagogy and "strident and rabble-rousing" language in its efforts to thwart the Government. He again denied that the modified law in any way constituted an attack on the unions' right to strike.

Neither Mr Kohl's trenchant attitude to the unions, nor his professed confidence that economic success would carry his administration through to victory in next January's federal election, could conceal his nervousness before the press yesterday, on the third anniversary of his election triumph in March 1983.

His brittle mood stems above all from the uncertainty surrounding the judicial investigation in his home state of Rhineland Palatinate into whether he lied to a parliamentary committee investigating the Flick political payments affair.

The chancellor said he was facing the embarrassing inquiry "with great calm." But he refused, angrily at times, to be drawn into speculating on whether he would resign if the magistrates in the town of Koblenz decided to press charges.

This latest twist in the protracted Flick scandal was, it is widely believed, one reason why his Christian Democrat (CDU) party lost heavily in last weekend's local elections in Schleswig-Holstein.

Tin Council abandons rescue talks

BY STEFAN WAGSTYL IN LONDON

THE INTERNATIONAL Tin Council and its creditors yesterday abandoned attempts to negotiate a settlement of the four-month-old tin crisis.

A rescue plan put forward by banks and metal brokers, together owed hundreds of millions of pounds, failed at the last moment to win the support of all the ITC's 22 member governments. Just as the creditors had thought a deal was in sight, after weeks of talks and with most countries giving their backing, Indonesia yesterday morning stunned everyone involved by rejecting the plan.

The Tin Council said it could not accept the proposals without a unanimous agreement.

The crisis arose in October, when the Tin Council ran out of money running an inter-government price support pact between exporter and importer countries.

The rescue would have involved setting up a new company with funds from governments, banks and brokers, to take over the council's 80,000-tonne tin stockpile and sell it to meet its £900m ($1.305bn) debts.

The collapse of negotiations brought swift reaction in London. Mr Peter Graham, senior deputy chairman of Standard Chartered Bank and co-author of the rescue plan, said: "It's a great pity. It was a good plan and it would have worked. It's all over now."

At the London Metal Exchange, the world's leading metals market, traders were shocked. "We thought we had a deal," said one.

The LME board and committee called an emergency meeting as they heard the news from the ITC; it was still in session late yesterday evening.

There were hurried meetings at the Bank of England, which has guided the rescue talks.

The failure of the so-called "Newco" rescue plan means that:

- The 16 banks holding some 45,000 tonnes of tin as collateral on loans totalling £350m are free to sell their metal at will. Three banks had already sold some 5,000 tonnes.
- The LME, which had intended to reopen tin trading by the middle of this month, must think again about how the market can restart with the possibility that the ITC's tin can be released immediately, rather than sold off over time, as intended by the rescue plan.
- Tin prices, suspended at £8,140 a tonne, might fall far below their current secondary market price of about £6,500 in a volatile market.
- Thirteen LME brokers, with ITC contracts totalling £550m, face much bigger losses than anticipated: some might go bankrupt, threatening the survival of the whole exchange, according to LME officials.
- The future of the International Tin Agreement, once the strongest

Continued on Page 24

HK Land marks revival with payout

BY DAVID DODWELL IN HONG KONG

HONGKONG LAND, one of the world's largest property development and investment groups, is to resume substantial dividend payments for the first time for three years, marking its recovery from Hong Kong's almost fatal property-market collapse in 1982.

The group will at the same time halve its strategic 25 per cent holding in Jardine Matheson, the trading house. The HK$580m (US$74.3m) deal will reduce Hongkong Land's net indebtedness to less than HK$10bn for the first time for four years.

The moves, which surprised stock-market operators in Hong Kong, provide a significant boost to both Hongkong Land and to Jardine Matheson, the fortunes of which have been intertwined because of Jardine's 35 per cent stake in Hongkong Land.

After three years with no income from its Hongkong Land holding, Jardine can look forward this year to dividend revenue of about HK$115m.

Jardine Securities, an offshoot of the trading company, is the buyer of 52m shares in its parent held by Hongkong Land. That reduces the risk that Jardine Matheson might be vulnerable to takeover. As long as Hongkong Land held a 25 per cent stake in Jardine, a takeover of Land would at the same time have given the successful predator effective control of Jardine.

Hongkong Land yesterday announced a total dividend for 1985 of 15 cents per ordinary share, compared with a nominal 1 cent payment for each of the past three years. That will cost the company HK$325m.

CONTENTS

EUROPEAN NEWS

Soviet party congress exposes divisions on how to tackle the economy

BY PATRICK COCKBURN IN MOSCOW

ALMOST EXACTLY a year after he became Soviet leader, Mr Mikhail Gorbachev ended the 27th Communist porty congress yesterday secure in the knowledge that he has ploced men of whom he approves in most key positions in party and atate.

There was only one new name, Mr *Lev Zaikov*, on the brief list of full members of the ruling polithuro which he read out to the 5,000 delegates. The key changes had already taken place over the past year. Only two of the 12 politburo members—Mr Vladimir Shcherbitsky, the party leader from the Ukraine, and Mr Dinmukahmed Kunaev, from Kazakhstan—were close associates of President Leonid Brezhnev during his 18 years in power.

The 10-day congress also provided Mr Gorbachev with the only opportunity he will have for another five years to alter the membership of the 319-strong central committee, to which belong all the most senior Soviet office-holders. More than 50 per cent of the committee has changed in 1986, compared to only 17 per cent five years ago.

MR ANATOLY DOBRYNIN, the veteran Soviet envoy to the US, who was appointed yesterdoy one of the powerful secretaries to the central committee, will return to Moscow to play an even more important role in Soviet foreign *policy* than *he has in his past* 25 years in Washington.

The 66-year-old Mr Dobrynin was a key channel of superpower communication over Cuba in 1962, Czechoslovakia in 1968 and Afghanistan in 1979. His experience of the US, which dated back to service in the 1950s in the Washington cmbassy and at the UN in New York, will complement the relative inexperience of Mr Eduard Shevardnadze, who took over *as Foreign Minister last sum*mer from Mr Andrei Gromyko. Mr Dobrynin has been o full central committee member since 1971, one of the few Soviet ambassadors to be seated on this elite body.

The comparative ease with which Mr Gorbachev haa changed the top leadership shows he is a skilful politician, but he was aided by a consensus among the party and state officials that the post-war gerontocracy had to be replaced. Mr Yegor Ligachev, the second most senior member of the politburo, told the congress that the Brezhnev policy of keeping the *same people* in their old jobs for years had led to "self-isolation and stagnation."

A more pointed denunciation of the old regime came from Mr *Yefim* Yeltsin, elected Communist party chief for Moacow last December and a non-voting member of the poliburo. He complained that the same problems were brought up at congresses every five years.

"Why, after so many years, have we not succeeded in tearing from onr life the roots of hureaucracy, social injustice and abuses?" Mr Yeltsin asked. "Why is it even now that the demand for radical change is bogged down by the inertia of time servers with a party ticket?"

In what waa by far the harshest attack heard at the congress on the way in which the party has organised itself in the past, Mr Yeltsin said that nobody ahould he above criticism, and he denounced the "infallibility" of the old leadership.

The problem for Mr Gorbachev, which the congress moda plain is not that of asserting his autbority or clearing out senior office bolders appointed under Mr Brezhnev. His own election aa general secretory of the Commnnist party was the result of a widespread recognition that a rejuvenated leadership was needed in the Kremlin.

Mr Gorbachev's difficulty is rather that thia same brood consensus does not exiat when it comea to changing the way the economy is run. Speakers ot the congress were not agreed on the extent of the change required: Should there be struc*tural reform, or will modernisa*tion of equipment and better monagement suffice to raise growth?

Mr Gorbochev's own economic prescription in his five-and-a-half-hour opening address was radical: flexihle prices, a reduction in centrol control, greater incentives, cost effectiveness, and efficiency.

This was somewhat in contrast to the presentation of the 1986-90 five-year plan and the economic guidelinea for the next 15 years in a apeech by Mr Nikolai Ryzhkov, the Prime Minister. Here, there was less emphasis on radical cbange and more on simply clearing up the mistakes of the past, re-equiping existing plant and introducing high technology.

This should pay some dividends. Mr Ryzhkov revealed that 25 per cent of oll projects proposed by ministries for construction under the present five-year plan bad in fact been designed between 10 and 20 years ogo. Not surprisingly, much of the plant is obsolete before it is built.

The problem is that the very weakness of the Soviet machine-bnilding and capital construction sectors, now given top priority, will make it difficult for either to absorb effectively the 80 per cent increaae in *capital* investment, whicb Mr Gorbachev and Mr Ryzhkov promised.

MR LEV ZAIKOV (62) is now in effect third in the Kremlin *pecking order* because, with his promotion yesterday to full politburo membership, he ia onc of only three mcn who combine that rank with the job of central committee secretary. The other two are Mr Mikhail Gorbachev and Mr Ycgor Ligachev.

His rise to power came late. He was not even a full member of the central committee until 1981. Bnt the rise and subsequent fall of Mr Grigory Romanov, whom he succeeded first as Leningrad regional *party* leader in 1983 and then as central committee secretary last summer, gave Mr Zaikov his big breaks. He appeared to have impressed Mr Gorbachev last May when the latter visited Leningrad, the second largest Soviet city and an important military-industrial centre. Like many other Gorhachev oppointees, he has o technical background, having started as a fitter and gained an engineering degree.

The party secretary from tha large industrial city of Volgograd, *formerly* Stalingrad, Mr V. I. Kalashnikov, pointed out to the congress the difficulties a 180 per cent increase in investment in his area will cause. "Such high rates of investment do not correspond with the capacity of the construction or assembly organisations," be said. "Already this yeor, the volume of planned work for the quarter exceeds the capacity of the huilders."

The congress made no clearer the new halance between central ploners in Moscow and individual enterprisea across the country. Mr Mikhail Solomontsev, a politburo member, said ha had recently visited a farm in Murmansk in the north, whicb had been visited by 78 different commissions in charge of monitoring its production in a 10-month period last year. "One simply wonders why it did not collapse under the weight of controllers," he said.

In theory, there is to be devolution of authority for day-to-day operations away from the centre, but this is proving *difficult* to implement.

Officials are also chary of revealing wbat will happen to prices. Despite the promise of financial independence for *enterprises* in future — each with its own development fund — the present artificial pricing system ensures that efficient plonts may be unprofitable and inefficient ones show profits.

Mr Kalashnikov aaid: "Present-day price policy is such that collective and state farms are not ahle to pay their own way — even those which meet plan targets."

The congress showed that Mr Gorbachev is in complete control of the Soviet Union. He has ended the leadership crisis which progressively paralysed the country after 1975, but party and state leoders clearly have different expectations of economic reform.

Many clearly feel that new men in tbe Kremlin, the ministries and in aenior leadership positiona will — together with better industrial and scientific innovation — produce a surge in growth. Others genuinely want structural reform, but are still unclear how far Mr Gorbachev really plans to go in changing the way the economy is run.

France's young right-wing politicians spot the main chance

David Housego in Paris profiles four youthful contenders for top jobs after the election

WHO WILL be the ministers in France's first right wing Administration to take office under a Socialist President. Cabinet making has become a favourite conversational topic of politicians on the right, and one thing is sure.

The combination of President Francois Mitterrand appointing Mr Laurent Fabius as Prime Minister at the age of 37 and the need for the right to avoid the impression that it is bringing back to power the old familiar faces of former President Giscard d'Estaing's Administration, means that there will be strong pressure to bring in new blood.

The younger generation of right-wing politicians therefore believe that they will win a goodly share of the posts. At the same time, their widely differing political views—reflecting the different strands within the neo-Gaullist RPR and the more *amorphous* UDF—show how fragile the coalition could be.

Alain Juppe, 40, economic spokesman of the RPR, was influential in converting Mr Jacques Chirac, the party leader, to the belief that France needed a Reagan-style pro*gramme of tax cutting* and deregulation. With his mastery of the detail of both industrial and economic issues, his direct and quick response to questions, and his easy-going unpompous approach, he is one of the few politicians to have emerged from the campaign with his stature enhanced.

His only real experience of administration has been managing the finances of the city of Paris, which he does from an office in the Hotel de Ville hung with contemporary paintings, but he is an obvious candidate for a senior economic or industrial post.

His belief that there will be no slipping back to the interventionist practices that characterised both Mr Chirac's and Mr Giscard's administrations is in part based on the idea that a younger generation of politicians who have not been stamped by France's post-war planning experience will be in power.

He also believes that the expansion of the public sector under the Socialists has produced a backlash against state intervention. At the core of Mr Juppe's economic credo is the belief that French companies must increase their profitability and reduce their indebtedness.

He has long believed that a new administration must move rapidly towards deregulation, privatisation and cutting public expenditure and taxation, brushing aside the possibility that President Mitterrand could put *obstacles in its path.*

But there are limits to Mr Juppe's faith in free market economics. He does not think that French public opinion would allow Renault to sell off its truck division to General Motors, for instance or permit more than a small minority of shares in the nationalised sector to be sold to foreign companies. He also thinks that European industry must take action against "being eaten up" by the Japanese.

Philippe Seguin, 42, a national secretary of the RPR who could move into the job of Minister of Employment, believes that Mr Juppe is part of the misguided rightward drift of the RPR, to which he is opposed. Mr Seguin is deputy for the textile belt of the Vosges where, as he has been telling his constituents in a campaign hampered by the worst February snow falls in 40 years, unemployment has reached a peak of 11 per cent. *He believes* more state help is needed to dig the Vosges out of its difficulties.

Like Mr Juppe, Mr Seguin *moved* into the leadership of the RPR after Mr Fabius was appointed Prime Minister. But he represents a widely different "social democrat" tradition of Gaullism — which emphasises General de Gaulle's values of consensus and social harmony.

He claims credit for helping to tone down the Opposition's programme over such sensitive issues as social security, the minimum wage and trade union powers. He describes as "the greatest madness" the opposition's commitment to abolishing the wealth tax, believing that this has enabled the Socialists to dam the manifesto as a programme of the rich. He believes that Mr Chirac remains "an interventionist at heart."

Broad shouldered, impatient of authority and at his ease as much in a small country bistro as in the National Assembly, one of Mr Seguin's assets is that he is liked and respected by the unions.

Francois Leotard, 43, is a former loyalist of President Giscard d'Estaing and the only one of the younger generation of politicians to lead a political party. He is the head of the Parti-Republicain, the dominant group within the UDF.

He shares Mr Juppe's faith in *free market economics* — but goes further. He believes that if Dassault, the French group which makes both military and civil aircraft, found itself in financial trouble, then the state should not step in to help it out.

He says that his real ambition is to create a large "*liberal*" party in France to roll back the frontiers of the state. But he thinks that this a long haul project, perhaps taking 10 years, because of the French history of dependence on the state.

He is none the less prepared for radical measures, believing that the *Ecole Nationale de l'Administration* (ENA) — France's elite college for training civil servants — could be abolished in the context of *greater* autonomy and competition among French universities.

It is Mr Leotard who has brought US-style campaigning into French politics — accom*panying his meetings* with flashing lights, pop music and video equipment. On flights between meetings he flicks through magazines on jogging and art *collecting. He is the* most glamorous of the young politicians.

He has also been the most aggressive in attacking the Socialists.

Edmond Alphandery, 42, used to be thought as a possible Minister of the Budget, as one way of evolving the supporters of Mr Raymond Barre, the former Prime Minister in the Government. Mr Alphandery, who comes from the centrist wing of the UDF, discounts this because like Mr Barre he believes that government and a Socialist President will prove unworkable.

He thinks that time is needed to carry out economic reforms and that a right-wing Administration after the elections is likely to lurch from crisis to crisis. *Unlike Mr Barre, he feels* however that he could not refuse it a vote of confidence in the National Assembly.

His priorities in terms of economic management are increasing domestic savings and reducing the budget deficit. He believes however that denationalisation must be spread over a long period.

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Picture of Palme suspect released

SWEDISH POLICE yesterday released an indistinct "Identi kit" composite photograph of a man suspected of assassinating Prime Minister Olof Palme which led to several mistaken arrests, writes David Brown in Stockholm. The photograph has been distributed throughout Sweden.

A brief period of suspense followed the arrest of two Yugoslavs by Danish police in Helsingor at the request of the Swedish authorities after they made the short ferry crossing from Hellingborg in the early afternoon. After two hours of intense questioning by Danish and Swedish police, it sppeared likely they would be released, the authorities said.

The photo-composite is based on the evidence of a 22-year-old woman artist who saw a man running on the suspected escape route around the time of the murder.

French anger over killing of hostage

The French Government seemed likely tn bear tha brunt of some of the indignation felt in France yesterday at the alleged killing of one of the four French hostages held for a year in Lebanon, writes David Housego in Paris. The "execution" of Mr Michel Seurat, a researcher, has been claimed by the extremist gronp Jihad Islam. The French Government was yesterday treating the claim seriously bnt unable to confirm it. The killing seems to hava been in retaliation for the handing over by France of two Iraqis opposed to the regime in Baghdad. One at least of them is said to have been executed on arrival.

Pollution curbs

EEC environment ministers, in a measure to reduce water pollntion, yesterday classified two pesticides, DDT and pentachlorophenol, and one industrial solvent, carbon tetrachloride, as very dangerous substances and put strict limits on their discharge, writes Paul Cheeseright in Brussels.

Danish wine taxes

The European Court has ordered Denmark to unify its taxes on grape and fruit-based wines, AP reports from Luxembourg. It said it was illegal and discriminatory to charge different taxes on what it considered the same product to protect the local market.

W. German production

West German industrial production, seasonally adjusted, rose by a provisional 2.4 per cent in January after falling by a revised 3.4 per cent in December according to the Economics Ministry, Reuter reports from Bonn. The production index, base 1980, rose to a provisional 104.5 in Jannary from 102.1 in December. In November it stood at 105.7. Production was 4.2 per cent higher than in January last year when the index stood at 100.2.

Polish accusation

Poland's Food and Farming Ministry has accused the Government planning commission of disregarding top level investment directives by failing to satisfy the food sector's capital needs in the second half of the decade, writes Christopher Bobinski in Warsaw. The various ministries are currently hidding for funds in tha 1986-1990 plan which is being drafted for approval by a party congress in June.

Greek oil talks

The European Community has suspended moves to take Athens to court for not liberalising its oil monopoly and asked for talks on the issue instead, Energy Minister Eleftherios Veryvakis said yesterday, Reuter reports.

Commission call to double R & D spending

BY QUENTIN PEEL IN BRUSSELS

THE EUROPEAN Commission hfas drawn up plans to double spending on EEC researcb programmes over the next five years, with a new bid for Ecu 9bn (£6bn) in cash from the 12 member states.

Broad outlines were presented yesterday by Mr Karl-Heinz Narjes, the commissioner responsible for industry, science and researcb, witb a strong plea for member states to back the EEC as the best vebicle for promotion of European research.

The new framework programme, still in outline form, would cover the five years from 1987 to 1991, in comparison with the present fonr-year Ecu 3.75bn programme running from 1984 to 1987.

Top priorities in the research and development to be financed would be enhancing European industrial competitiveness In such areas as information technology, telecommunications, biotechnology and marine technology. Those areas would absorb 60 per cent of the total, compared with 28 per cent ln the present programme, Mr Narjes said.

Energy programmes, including nuclear energy and alternative energy sources, would receive decreased empbasis, coming down from 47 per cent to 21 per cent of the allocated funds.

Mr Narjes insisted that they would be complementary to the European governments' plans for a major research effort through the Eureka programme, outside the Community framework.

"We are open towards concrete Eureka projects and we are ready to collaborate," he said. He stressed the need for any effort to promote new technologies to be co-ordinated with the removal of harriers to the single internal market in the Community.

The big increase in funds sought by the Commission for its own present and future projects, like thc Esprit programme for information technology, the Race programme on broadband telecommunications, and the Brite programme on basic industrial research, seems certain to be greeted with scepticism by several member states,

Tbeir growing conviction, expressed in the Eureka debate, has been to promote research by creating a favourable industrial climate, rather than hy proposing large ceotrally-funded scbemas.

Moves to restore Turkish ties

By Our Brussels Correspondent

FIRST STEPS towards the restoration of normal relaions between the European Community and Turkey, including tha payment of a token Ecu 10m (£6.7m) in financial aid, are being proposed by the European Commission.

The moves would end the effective freeze on relations imposed by the EEC because of Turkey's human rights record under its former military government,

They include proposals to improve the access and working conidtions of Turkish migrant labourers seeking jobs in the EEC—while stopping short of the free movement of labour which is supposed to come inot effect from December 1.

The plans, drawn up following tbe informal agreement of the 12 foreign ministers last month to reopen their lines of communication with Turkey, remain extremely cautious, because of the political sensitivity of the issues involved.

The Commission is asking the EEC Council of Ministers. and the European Parliament, to release Ecu 10m of some Ecu 29m in special assistance, promised but never committed in 1980. That is certain to run into strenuous opposition in the Parliament, where many MEPs claim progress on human rights remains inadequate.

A second sum of Ecn 47m is in the process of being unfrozen by the Council, where it was blocked by Denmark.

The Commission's proposals for migrant workers are most difficult for West Germany, where more than 1.5m of the 1.9m Turkisb workers in the EEC are based. However, they simply offer easier conditions for migrant workers to bring their families to the Community, and vague reassurances that any existing discrimination should be removed.

The 12 member states have to agree a negotiating position on the question of migrant workers, before a planned association council meeting with Turkey in the autumn. The Commission is clear that any agreement must allow for member states to take special measures to ensure that the presence of migrant workars does not create political or security problems,

GOVERNMENT HEADING FOR DEFEAT IN REFERENDUM

Polls suggest Spain will vote to quit Nato

BY DAVID WHITE IN MADRID

A MAJORITY of Spaniards intend to vote "no" in next Wednesday's Nato referendum, according to several independent polls publisbed yesterday. They showed the Government trailing by a margin of at least 6 per cent of the vote in its bid to obtain support for remaining in the alliance.

The only indication of a possible pro-Nato victory came in a survey conducted by tbe Government's own sociological research centre (CIS) wbich gave the "yes" vote a one-point lead.

Four newspaper polls, the last whicb can be published legally before the ballot, coincided in giving a "no" majority but by widely divergent margins. The leading Madrid daily, El Pais, sbowed a slight last-minute swing back in favour of the anti-Nato vote. Of those who intended the participate in the ballot, it found that 52 and 56 per cent said they would vote "no" against 40-46 per cent voting "yes," with 2-4 per cent hlank votes.

According to the poll, 30-35 per cent of the electorate would abstain, as they are being called on to do by the rigbt-wing opposition party, Alianza Popular.

Another Madrid daily, Diario 16, gava "no" 51 per cent of the actual vote, against 45 per cent "yes." But it found that as many as 41 per cent were either still undecided or were bent on abstaining. Among the supporters of Alianza Popular who said they would vote, 60 per cent intended to vote "no." The Barcelona newspapers La Vanguardia and El Periodico also showed the outcome going against membership.

Spain's top bankers, meanwhile, have divorced tbemselves from Alianza Popular's prosbstention policy by coming down firmly on the side of a "yes" vote. The chairmen of the eight leading banks, who include Mr Miguel Boyer, former Socialist Finance Minister now at the head of Banco Exterior, warned that "a result other than 'yes' wonld have incalculahle effects on the country's economic prospects."

Statoil chief rejects oil market carve-up

BY FAY GJESTER IN STAVANGER

NORWAY'S SHARE of the world oil and gas market should depend solely on the country's output level, Mr Arve Jonsen, managing director of Statoil, the national oil company, said here yesterday.

At a news conference to present Statoil's 1985 results, Mr Jonsen said he strongly opposed the concept of an internationally agreed market share-out—which in any case would be impossihle to achieve—or to any cut in Norwegian production aimed at helping prop up prices.

"What we manage to sell will be up to us," Mr Jonsen declared. "Our goal must he to squeeze the last possihle penny of income out of our operations." Statoil handled more than 16m tonnes of Norwegian crude oil last year—its own output, plus the state's royalty oil. It expects this amount to almost double by 1990 to 30m tonnes a year.

The group achieved record sales and profits in 1985 wben it obtained prices for its crude averaging \$26-\$27 a barrel, and when the dollar exchange rate averaged NKr 8.60 Mr Jonsen was unwilling to forecast 1986 results, in the light of current market trends, and said it was "pointless" to guess how crude prices and the US dollar would move—"We can only wait and see" he said.

Statoil would step up efforts to increase cost efficiency hut he did not foresee any drastic cuts in its exploration programme, such as some US oil companies are reportedly planning. "That would be like a farmer eating his seed potatoes."

● Statoil announced yesterday that it was co-operating with the Norwegian state power company NVE in a project study of a gas-fired power plant, which would be Norway's first. At present, virtually all the country's electricity supplies come from bydropower. Indications were, the company said, that Norway would need thermal power plants as a supplement to hydro-electricity hy the early or mid 1990s. A plant hurning associated gas from one of the oil fields off central Norway could well be an economic proposltion, since in that part of the country there would be no alternative market for the gas.

Statoil results, Page 26

Sweden's current account back in red

By Kevin Done, Nordic Correspondent in Stockholm

SWEDEN PLUNGED back into beavy deficit on the current account last year, a serious deterioration from 1984 wben it achieved its first surplus since 1973. Preliminary figures from the central bank show a SKr9bn (£870m) deficit, against a SKr 2.8bn surplus the year before.

The deficit was built up in the first half, bowever, and the current account was in balance in the second balf. Recent forecasts suggest it could return to a small surplus this year helped by falling oil prices and the weaker US dollar.

The chief reason for last year's plunge was Sweden's weaker trading performance. The trade surplus declined to SKr 15bn from SKr 23.2bn in 1984. The main drain on the current account was interest payments of SKr 20.8bn to service the country's foreign debt.

The trade balance deteriorated mainly because of a mucb higher level of imports, which could not be compensated for by the 3 per cent increase in the volume of exports. Sweden's export-led recovery whicb fuelted strong economic growth in 1983 and 1984 slowed last year. Export volumes grew by 12 per cent in 1983, 8 per cent in 1984 and 3 per cent in 1985.

Romanian energy crisis hits restaurants

BY LESLIE COLITT IN BUCHAREST

ROMANIA, in a further move to deal with a worsening energy crisis, has ordered restaurants throughout the country to close at 6pm daily,

Both Romania and Bulgaria are faced with a serious energy shortage. Hydro-electric stations have been shut down by a two-year drought, and maintenance was poor in coal-powered generating plants.

A front-page article on Wednesday in the main Communist Party newspaper, Scinteia, said all thermal power stations were operating at maximum capacity in line with instructions from President Nicolae Ceausescu, the Romanian leader. Previously, several coal-fired power plants were criticised for operating at low levels because of malfunctions.

Daily power cuts take place in Bucharest and some other cities from 8.30 am to 11 am and in the evening. Television operates only two hours daily to conserve electricity. Gas pressure is reduced at prime consumption times making it difficult for Romanians to cook.

The early closing of restaurants came after the banning last month in Bucharest of all private cars and taxis. It had its humorous moments, however. Two western businessmen recently arrived at their hotel on a tractor they had managed to hail near Bucharest airport.

The electricity cuts in the capital do not affect the central area where government offices, diplomatic buildings and hotels are located.

The widening energy shortage, which is in its second winter, has combined with reduced food supplies to try the lives of ordinary Romanians.

Long queues are in evidence outside food shops in Bucharest and elsewhere, especially for rationed meat and also for butter and cheese. At bread stores individual customers buy far more bread and rolls than they need because supplies have been irregular

One Bucharest resident in his early 20s said people his age were taking things in their stride. But it was different for many older Romanians, who remembered better times.

Philippines to receive more US aid, Aquino told by congressman

BY SAMUEL SENOREN IN MANILA

THE US CONGRESS is sending a clear signal to the government of President Corazon Aquino of its readiness to provide increased economic and military aid to the Philippines which had been denied to the regime of deposed President Ferdinand Marcos.

The sentiment in Washington was relayed yesterday to Mrs Aquino by visiting US Congressmen led by Mr Stephen Solarz who personally delivered an invitation from Mr Thomas "Tippy" O'Neill, the House Speaker, for her to address a joint session of the US Congress at some future date.

Increased US military assistance to the Philippines is now widely perceived to be necessary to support Mrs Aquino's thrust towards national reconciliation and deal with communist guerrillas.

Mr Solarz also told a news conference he was drafting legislation to give US federal courts jurisdiction over cases filed by the Philippine Government to recover the assets of Mr Marcos and his associates in the US.

Mr Marcos's family is believed to control a real estate empire valued at US$350m in New York alone, which is more than twice the annual US aid to the Philippines.

Communist guerrillas said yesterday the Philippine military should be purged, Reuter reports. The demand came one day after President Corazon Aquino won her first dispute with the military by securing the release of four accused communist leaders.

The New People's Army said the inclusion of Mr Juan Ponce Enrile, the Defence Minister, and Gen Fidel Ramos, Armed Forces chief, in government was not acceptable.

Mr Solarz along with Congressmen Gary Ackerman and Thomas Foglietta discussed with Mrs Aquino the compensation mix totalling $90m under the Philippine-US military bases agreement which runs through 1989.

Last year, US congressmen voted to cut by $15m the bases compensation for fiscal 1985-86 to $180m from $195m.

Although she is committed to respect the bases agreement which allows the US to maintain Clark Air Base and the Subic Naval Base until 1989, Mrs Aquino is nevertheless expected to consider the compensation proposals as soon as a current government overhaul is completed.

A change of view by President Chun has alarmed the Opposition, reports Steven B. Butler

Constitutional haze clouds S Korean politics

PRESIDENT Chun Doo-hwan has succeeded in shrouding South Koreo's political future in a thick haze of uncertainty. Last week he pledged to commit himself to rewrite the country's constitution in 1989, after his term of office expires in February 1988, and after the 1988 Seoul Olympic Games.

The pledge, delivered in o luncheon meeting with Opposition Party president Lee Min-woo, followed two weeks of harsh Government crackdown against the Opposition and appeared to have been offered as a tactical concession to cool the political temperature.

But political analysts and opposition members have now detected a longer-term strategy. They have concluded that Mr Chun is not planning to retire from politics when be leaves the Presidency in 1988, but is searching for o means to retain his authority.

The Opposition wants an immediate amendment to the constitution allowing for direct election of the President. They believe the current system of indirect voting through o 5,000-man electoral college will allow Mr Chun virtually to name his own successor, although the Government denies this. Mr Chun initially came to power in a military coup in 1980.

In January he called for a suspension of debate on the constitution until 1989, warning

Mr Chun: likes being President

that political instability caused by a divisive political sqoabble could spoil the 1988 Olympics. When the Opposition suddenly launched a signatore campaign to revise the constitution earlier this month, the Government fought back with unexpected fury.

Police raided and then barricaded offices of tho main Opposition headquarters to prevent meetings from taking place. More than 100 Opposition leaders were hauled in for questioning and some 200 Opposition party members were placed temporarily under house arrest. Party President Lee was confined to his house for a day,

His revised position begs the question why Korea should go through the motions of electing a lame-duck president simply to preserve the integrity of a constitution that apparently needs to be rewritten

and leading dissident Mr Kim Dae-Jung was bottled up for 12 days with his telephone cut off.

During bis luncheon with Mr Lee, the President conceded that police action bad been "excessive," and pledged not to shut down the Opposition headquarters again. Many have interpreted this to mean that those who signed the petitions will no longer face arrest, although this remains to be seen.

But it is Mr Chun's change in position over the constitutional issue that has caused confusion. Previously he has argued that the current constitution is sound and needs no revision, and has repeatedly stressed the historic importance of achieving Korea's first peaceful, constitutional transfer of Presidential power in 1988.

He has refused to consider the Opposition's demands for constitutional revision before 1988, he says, in order to establish a tradition of respect for constitutional order, something ha regards as far more important than hasty democratic reforms.

Now however, Mr Chun says that the ruling Democratic Justice Party will pledge to rewrite the constitution in 1989, and that tho party's 1988 Presidential candidate will pledge to step down after one year in office so new elections can be held under a new system.

His revised position begs many questions, not the least of which is why Korea should go through the motions of electing a lame-duck President simply to preserve tbe integrity of a constitution that apparently needs to be rewritten.

Mr Chun has not promised to change the constitution so as to give the Opposition direct elections for tho President, but says the question will be studied in the National Assembly, and in a committee that ha will appoint. Committees are to consider the options of a Presidential system, a Cabinet system, and a "dual executive" system, with authority split between a President, who would be responsible for military and foreign affairs, and a Prime Minister.

An increasing number of political observers now suspects that the President plans to step down in 1988, and then run for office again in 1989.

"Mr Chun likes being President," says a Korean political scientist, "and undoubtedly he would like to continue."

The thought has alarmed the opposition. Yesterday the New Korea Democratic Party firmly rejected Mr Chun's compromise, calling it a political trick, and quickly stepped up efforts to revise the constitution.

The party made public a list of nearly 6,000 people who have already signed the petitions and who say they are willing to go to jail for the campaign. Protestant and Catholic groups this week declared their support of the petition drive, and the Opposition says it will gather 600,000 signatures by the end of this month, and 5m by August 15, independence day.

The lines of confrontation have never appeared more clearly in South Korea, and the outcome never more uncertain.

Interest rate ruling upsets bankers in Abu Dhabi

By Angela Dixon and Kathy Evans in Dubai

A LEGAL case in Abu Dhabl could trigger a series of disputes between banks and clients about the most sensitive financial issue in the region—that of bank interest.

Unlike those of Saudi Arabia, tbe courts in tbe United Arab Emirates have always recognised interest as a necessary mechanism for banking. However a ruling of tbe Supreme Court in the early 1980s allows for tbe charging of aimple interest only, and not normal compound interest.

The case involves a construction materials company in Abu Dhabl which maintalued overdroft facllities stretching back 10 and 15 years with two foreign banks, one French and the other British. The company is seeking a recalculation of the interest paid so that it can he charged the simple rate of interest rather than compound. It wonts a refund on the "illegal" compound interest.

The law ln the Emirates, as followed in Abu Dbabi at least, limits simple interest to 12 per cent a year, wblch is less than compounded market rates currently heing charged ln the UAE which range up to 14 per cent.

The implications of an adverse ruling for the UAE banking system are "horrendous" according to one bank executive. "It could wipo ont 20 per cent of the assets of the banking system if they follow this ruling." Only four years ago interest rates were up to 17 per cent a year. The issue could hit the long-established foreign banks in the country severely, for a bigh proportion of their loans would go back many years.

Bankers are alarmed at the prospects of the court ruling against them. They fear other borrowers will seek similar "refunds" on their bank interest, and thus worsen the heavy hurden of bad debts they already carry. Some are already threatening to pull out of a market, where business prospects look unottractive, anyway, because of the deep economic recession.

"There are lots of influential borrowers who could benefit from debts being recalculated — or even wiped out — because of this legal situation," commented one banker.

UAE bankers have looked to the country's Central Bank for support over the issue, but so far the authorilies have remained silent. Many of the Central Bank's circulars already recognise the concept of compound interest, and state there is no ceiling on rates eharged on account of it.

Yet clearly decisions of the local courts contradict its policies.

"We are looking to the Central Bank for protection on this, and we have already made our concern known," explained one banker.

For auditors, the question is particularly troublesome, for at present it would not be possible to provide a true calculation of a bank's assets or profitability if past interest has to be requantified.

Singapore job loss worse than predicted

By Chris Sherwell in Singapore

A TOTAL of 96,000 jobs were lost in Singapore in 1985 as the island state's economy contracted by 1.8 per eent, the Government's annual economic survey reported yesterday.

The figures are worse than previous estimates and come only a day before Dr Richard Hu, the Finance Minister, presents his first national budget to parliament.

Businessmen and bankers hope Dr. Hu will implement the stimulative tax cuts recommended in last month's bulky report from the high-powered Economic Committee chaired by Brig-Gen Lee Hsien Loong, Minister of Trade and Industry and son of Prime Minister Lee Kuan Yew.

But statements last week from Mr Goh Chok Tong, the First Depnty Prime Minister, suggest that some of the committee's proposals would be significantly modified. The budget is thus being seen as an important test of the usually cautious Government's boldness.

Before the publication of yesterday's economic survey, the official estimate of the contraction in 1985 gross domestic product was 1.7 per cent. The number fo jobs lost had been pnt at 90,200.

Of tha 96,000 jobs lost, 37,000 were held by Singaporeans. As a result, the domestic unemployment rate rose to 4.9 per cent, the highest in 15 years. Tbe size of the Singapore workforce is 1.15m. The survey, significantly, offers no forecast for growth in 1986, but most people now doubt official projections of zero growth and foresee a second year of contraction.

The survey says that total investment expenditure dropped a sharp 13 per cent in 1985 compared to 1984. The fall for the private sector was 17 per cent. Investment commitments in manufactnring fell from S$1.8hn (£50m) to S$1.1bn.

Although Singopore's overall balance of payments showed a customary, if marginally smaller, surplus of almost S$3bn, net inflows of private capital fell from S$4.8bn in 1984 to S$3.6bn.

Free Mandela offices gutted

THE OFFICES of a group campaigning for the release of Mr Nelson Mandela, the jailed black leader, were gutted yesterday and a apokesman for the group accused South African authorities of planting a bomb.

Police denied they were responsible and said they auspected arson.

The first-floor offices of the Relase Mandela Campaign in central Johannesburg were left flooded with water from firefighters' hoses. Charred files lay strewn on the floor and windows were shottered.

● Mr Chester Crocker, the chief US negotiator on southern Africa, yesterday met with Soviet officials in Geneva for discussions ossumed to focus on Pretoria's latest proposals for implementing a UN independence plan for Namibia, AP reports from Geneva.

Israeli coalition at risk over company aid policy

BY ANDREW WHITLEY IN TEL AVIV

THE Labour Party and the Likud bloc—coalition partners in the national unity Government—are likely to clash over Labour's determination to help ailing companies and restore economic growth.

After weeks of sparring with Likud ministers, who control the key economic portfolios, Prime Minister Shimon Peres said on Wednesday night be was prepared to risk a coalition crisis in the greoter interests of the economy.

Mr Peres, who is the Labour Porty chief, and Mr Yitzhak Moda'i, the Likud Finance Minister, were due to hold o decisive meeting yesterday over proposed help for two crippled giants of the Israeli economy, the Solel Boneb construction group and Kupat Holim, tho national medical insurance and bospitals coocern. Both are owned by the Histadrut trades union federation, which is affiliated to Labour.

Independent estimates put the total hill facing the Government from companies seeking official support at $2bn, 9 per cent of Israel's gross domestic product. Kupat Holim alone has o debt officially put at $525m, nearly half of it in short-term bank loans.

However, much more underlies the current inter-government wrangling than the ollocation of atate resources ot a time of economic stringency.

With the planned rotation of the premiership—from Labour to Likud—looming, Labour ministers and party octivists are becoming increasingly anxious that their rivols will be well placed to benefit politically from the success of tbe current economic emergency plan when they take office in October.

Canmakers win 3-year wage freeze agreement

By Terry Dodsworth in New York

THE FOUR main US canmaking companies have reached agreement on a three-year contract which will freeze basic wages for the 13,500 workers in the industry.

Acceptance of the package came after a two-week strike that has depleted stocks and had begun to raise fears of can shortages in the drinks industry. All 13,500 US workers are now being recalled, although a separate strike by almost 2,000 Canadian workers against Continental Can in Canada is continuing.

The wage deal, negotiated by the United Steelworkers of America (USW), follows the broad outline of patterns recently established in other unionised industries. The can workers have accepted a basic pay freeze, but they have retained automatic cost-of-living increases and will also receive straight bonuses for the three years of the agreement, amounting to $400 a year in the first year, and $300 in each of the next two.

In addition, the USW has negotiated a modest increase in pension rights of $3 a month for each year of service, and has retained the extended vacation allowance of 13 weeks' holiday for every five years of service.

A limited version of a two-tier pay system is also being introduced, with newly-hired employees being paid 20 per cent less than established workers for the first two years in the industry.

Mr Phillip Silver, President of Continental, described the agreement as "moderately inflationary." The canmakers appear to have won a largely concessionary deal of the sort they had been looking for when negotiations began with National Can the company selected this year to set the pattern for the industry.

In the initial round of the talks, the USW rejected bonus proposals for a $400 a year payout in the first year of the deal and insisted that the industry's profitability justified a standard annual increase for the life of the contract. These demands have been reduced during the strike period, with the employers winning on the issue of bonus payments.

Louise Kehoe in San Francisco explains how a litigious state is now suffering the consequences

Californian cities grapple with insurance crisis

THE STREETS of San Francisco's famous Chinatown district will be pecked tomorrow with thousands of people eagerly trying to get a better view of traditional Chinese dragon dancers and displays of martial arts, while covering their ears against the noise of hundreds of firecrackers.

But the city's annual Chinese New Year parade was stymied until last Monday, because the organisers were unable to obtain liability insurance. Faced with the possible loss of one of its major tourist attractions, the city council and local businesses stepped in, and an insurance carrier was found at the last minute. But the $49,000 premium was 500 per cent higher than they paid last year.

The problems faced by the festival's organisers illustrate the crisis in liability insurance that has swept across the US. Nowhere is the problem more critical than in California, the most populous and possibly the most litigious state in the union.

Obtaining insurance coverage for product liability, professional and malpractice liability, directors' liability and such is a problem all over the country, but in California the plight of public bodies and those who organise public events is particularly severe.

According to the League of California Cities, 43 of the state's 441 cities are currently uninsured. "But this number doesn't reflect the true crisis," says Mr Warren McFay, a League spokesman. Already, 150 cities are "self insured" he points out, and many more are chronically underinsured.

"By July half the cities in the state will be uninsured," he predicts, and many policies currently held will have run out without prospect of renewal.

In general, small cities face massive insurance price increases, medium-sized cities are unable to buy adequate insurance and large cities cannot find liability insurance at any price, according to a survey conducted by the Association of (San Francisco) Bay area governments.

San Francisco has been self-insured for years; Oakland and San Jose have no insurance and are unlikely to find coverage in the foreseeable future and Sacramento lost its liability insurance last November.

The city was offered coverage by one insurance firm at a premium of $640,000, a 330 per cent increase over 1984, and covering only 40 per cent of the previous $50m coverage.

Insurance coverage in Berkeley, the most popular campus of the University of California, was cancelled recently when its insurance company "discovered" that the city allowed people to use their homes as workshops and studios. "Our

insurers feel a lot of art and craft materials are hazardous, so they cancelled us," says city manager Nancy Bellard.

In small towns the effects of insurance cancellation can be catastrophic. Blue Lake, a town of 1,200 people in northern California, has essentially closed down due to insurance problems. Since December, Blue Lake has shut all its city buildings and parks, cancelled non-essential city meetings and stopped driving city cars.

At the root of the problem is the state's "joint and several liability" law, also known as the "deep pocket law." The law dates back to a 1978 case when the California Supreme Court determined that in personal injury lawsuits involving more than one defendant, if any of the defendants is unable to pay, the remaining defendants must shoulder the full burden of the judgment.

As a result, cities, counties and others with substantial funds are increasingly being involved in lawsuits where they have negligible responsibility, simply because they are capable of paying compensation.

For example a city or county may be forced to pay the costs of an expensive judgment against an uninsured drunken driver because of a minor imperfection in road design or upkeep. The impact of the 1978 ruling has only just become apparent because law suits stemming from traffic accidents and other mishaps take four or five years to come to trial.

Los Angeles was recently ordered to pay $1.7m damages in a case that arose when the brakes on an 11-year old boy's new bicycle failed. Los Angeles was sued because a bush on private property, on which the city apparently had an easement, allegedly prevented the boy from seeing a car on the other side of the street, with which he collided—and meant that the driver couldn't see the boy.

Newport Beach, in southern California, was ordered to pay $6m to *a man who dived into* the surf and hit his head on a sandbar, suffering injuries which left him a quadraplegic. The jury determined that the city should have put up signs warning the public that the ocean was dangerous.

Since this case a year ago, four similar claims have been filed against the city and shortly after the verdict the city's insurance company cancelled its coverage.

The League of California Cities has joined forces with the insurance industry and others to try to change the law. In June California voters will vote on "Proposition 51" which would overturn the law applying to awards made by juries to cover such injuries as emotional distress and mental suffering.

"Economic damages" such as medical bills and loss of future income would still be charged to the "deep pocket."

The proposal is a compromise designed to solve the insurance problems while still providing for "victim's rights." It faces tough opposition especially from the Trial Lawyers' Association, which represents injured parties and earns large fees linked to jury awards.

The group strongly opposes any change in the "deep pocket" laws, and believes that the real culprits in the insurance crisis are the insurance companies, whose financial problems have *forced them to raise premiums* and cut coverage.

The Californian state assembly is considering creating a state liability insurance fund offering insurance for local governments and non-profit organisations contends that even if the "deep pocket" law is changed, financially troubled insurance companies will not offer reasonable insurance coverage for Californian cities.

"The reasons for the unavailability of affordable liability insurance are numerous," says state assemblyman Dan Hauser. "But the prospect of government operating without adequate liability coverage is simply unacceptable to the citizens of this state."

US report recommends force to halt terrorism

A US Government report yesterday recommended the judicious use of force in combating terrorism but opposed random acts of retaliation against countries harbouring terrorists, Reuter reports from Washington.

The report, drawn up by a task force headed by Mr George Bush, Vice-President, basically endorsed current US anti-terrorist policy and made a number of recommendations to strengthen it.

It failed, however, to come up with proposals to implement President Reagan's 1981 threat, after the release of American hostages in Iran, to take "swift and effective" action against terrorists.

Yesterday Mr Bush acknowledged the difficulty in using force without endangering the lives of innocent people in countries that *practised or supported* terrorism.

"There isn't any simple answer," he said. "We are not going to wantonly destroy human life in order to show we have to do something."

The report said: "Our principles of justice will not permit random retaliation against groups or countries. However . . . a successful deterrent strategy may require judicious employment of military force to resolve an incident."

The report endorsed current US policy of refusing to negotiate with terrorists who have taken US hostages.

"The US Government will make no concessions to terrorists," it said. "It will not pay ransoms, release prisoners, change its policies or agree to other acts that might encourage additional terrorism."

The task force questioned the wisdom of blanket news coverage of terrorist incidents. It said it did not want to recommend abridgement of the freedom of speech and the Press, but it suggested the media should exercise some self-censorship in reporting terrorist acts.

The report's recommendations included federal legislation providing for the death penalty for killing a US citizen abroad in a terrorist incident, a special anti-terrorist intelligence centre, and an increase from $500,000 to $1m in reward money available for information leading to the apprehension of terrorists.

Nasa set to miss space station deadline

BY PETER MARSH

THE beleaguered US National Aeronautics and Space Administration (Nasa) looks unlikely to meet next Monday's deadline *for gaining agreement with its* prospective international partners for a grandiose scheme to build a $12bn (£8.2bn) manned space station in the 1990s.

Nasa, already under strain after last month's Challenger space shuttle disaster, two years ago set March 10 as the date by which it wanted a clear indication from Western Europe, Japan and Canada on the roles they hope to play in the orbiting outpost.

The base is due to provide a service bay for satellites, a platform from which to view earth with high resolution cameras, and workshops for esoteric scientific activities such as low-gravity materials processing.

Japan and Canada have given Nasa satisfactory accounts of their plans — Japan is to provide a laboratory while Canada will work on robot devices to maintain the base. But the US space agency is still at loggerheads *with Western Europe*, represented by the 11-nation European Space Agency. (Esa).

Nasa wants Esa's contribution, the Columbus laboratory, to be a fixed part of the base, which is due to enter orbit by 1994 and carry a crew of 8-10 people.

European officials, however, want Columbus to have the capability to leave the main core of the station under its own propulsion system, possibly to form the basis of an independent European orbiting outpost after the year 2000.

Nasa insists this would make planning difficult and drive up costs. The two sides say they are still talking and a compromise is possible, but neither has given much indication of how this could come about.

The most likely outcome is that Nasa will reluctantly agree over the next *few weeks* that the Europeans continue to study the option of a detachable Columbus for another six months or so. The final shape of the station is due to be fixed by the end of the year, ready for development work to start by next March.

The lack of agreement with the Europeans is not the only worry for Nasa over the station. The agency has suffered from allegations that slipshod management practices played a major part in last month's Challenger tragedy.

Congress may be unwilling to provide the full $410m for the station which Nasa is requesting for the financial year beginning in October.

The total cost to the US taxpayer of the station is put at about $8bn, with the other countries putting up about another $4bn.

Even if Congress is in a generous mood, the schedule for the base may slip as a result of the long delays which seem certain in operating Nasa's depleted fleet of three remaining space shuttles. The vehicles are due to act as essential elements in lifting components of the station into orbit.

If only to keep up with Soviet progress in manned space bases, however, the US Government is most unlikely to give up its plans for the space station.

The project may have been given greater urgency by the launch of *Mir*, a new generation of Soviet bases which promises to provide a permanent home in the heavens for up to a dozen cosmonauts at a time.

Duvalier to leave French luxury lakeside hotel

OUSTED Haitian leader Jean-Claude Duvalier will quit his luxury French Alpine hotel today for Nice, local officials said yesterday, but it was not clear whether he would then go on to leave the country, Reuter reports from Nice.

Mr Duvalier, who has been in France since fleeing Haiti on February 7, is due at Nice airport this morning, officials from the local prefecture said.

Mr Jean Tiffenat, manager of the L'Abbaye Hotel in the lakeside resort of Talloires, said yesterday he believed it was likely Mr Duvalier, his wife and eight other members of his family would leave in the morning. But the prefecture officials said they could not say if Mr Duvalier would be staying in France or leaving for another country.

French radio said yesterday Mr Duvalier had been given what in French law is called an assigned residence, which would allow him to live in a certain area in France. If he wanted to move he would have to get permission from the authorities before doing so.

Haiti has declared a general amnesty and witnesses said the capital's biggest jail was emptied of murderers, thieves and other criminals.

The new ruling National Council declared the amnesty after rioting in the National Prison in Port-Au-Prince by inmates who started fires and smashed furnishings to protest at conditions.

WORLD TRADE NEWS

Go-ahead for $1bn GM scheme to build cars in Egypt

BY TONY WALKER IN CAIRO

EGYPT HAS approved in principle a $1bn (£714m) proposal by General Motors of the US to build cars here, supported by a number of component industries.

It is by far Egypt's most ambitious industrial project under the terms of the "open door" policy instituted in 1974 by the late President Anwar Sadat to encourage foreign investment.

The decision to approve the project was taken at the weekend at a meeting of government ministers presided over by Egypt's Prime Minister, Mr Ali Lutfi. Final details have yet to be worked out, but according to a GM official, most stumbling blocks have been removed.

Cabinet approval of the GM plan, coming within days of serious rioting in Cairo and when Egypt's economy is in trouble, is seen as an attempt by the Egyptian Government to reassure investors that it remains committed to a policy of attracting foreign investment in spite of the country's many difficulties.

A $700m financing package is being arranged by Cairo-based banks, including Misr Iran Development Bank, Export Development Bank and Chase National Bank.

Additional funds are expected from the US Agency for International Development and the International Finance Corporation (IFC).

GM is proposing to build two car models in Egypt at existing automotive plants, part of whose capacity has been used to assemble Fiat vehicles. The GM products will include the 1.2 litre Corsa and the 1.6 litre Ascona. In the initial stage, GM will assemble imported kits, but as feeder industries come on stream, the foreign components will be reduced.

The American company, if all details fall into place, will be given a virtual monopoly to build cars in Egypt.

It is proposing in the first stage to produce 10,000 Corsas and 30,000 Asconas. Total planned eventual production is 86,000 units a year. Egypt's small to medium car market is estimated at around 90,000-100,000 vehicles a year.

Among factors that tipped the balance in favour of GM against its competitors, including Fiat and Peugeot, was that it was offering a significant export capacity and a comprehensive financing package.

At least one dozen "feeder industries" would be established under the GM plan to support production. These companies would include TRW Automotive Worldwide of the US which manufactures steering columns, Roth-Technik of West Germany, which develops exhausts; and Pittsburg Plate Glass of the US, a paint manufacturer.

Sweden to tighten high-tech controls

By David Brown in Stockholm

THE Swedish Government is to tighten controls on trade in foreign-produced high technology, amid growing indications that the country has been used as a staging point for illegal traffic bound for the East bloc.

Starting on June 1, those seeking to export restricted high technology from Sweden will have to obtain permission from authorities in the country of manufacture.

The ordinance does not, for example, apply to Swedish-made computers using imported components (which are already covered under earlier arrangements) but rather to foreign-made finished products subject to restrictions in their country of origin.

It seeks to "plug a gap for that marginal 0.01 per cent of the technology trade which is being carried out by crooks," one trade department spokesman said. "Before, it was not illegal for people to export such equipment. Now we have a tool to nail them."

The Ministry said recent moves by neutral Austria and Switzerland to tighten export controls gave rise to "suspicions that some of this illegal trade had been diverted through Sweden."

● L. M. Ericsson, the Swedish telecommunications and electronics group, reports it has won a $5.6m (£4m) order to supply an AXE digital international switching exchange to Cable and Wireless Hong Kong

The exchange is said to be oneof the largest of its kind in the world. It is tha third that Ericsson has sold to C&W, bringing the total to 23,000 lines.

● Saab Scania, the Swedish automotive and aerospace group, has won an order to deliver five of its Saab SF-340 aircraft worth $38m to Chicago Air, a newly-formed US regional carrier based in Illinois.

The company has also placed conditional orders and options fora further 11 aircraft worth $66m, Saab said.

Chicago Air, which will operate shuttle traffic between small airports in the Mid-West into larger airports served by long-distance carriers, has ordered the 30-seat version of the twin-engineed turbo prop

Comecon plays hard to get with EEC suitor

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

ON THE fourth floor of the EEC Commission building in Brussels the section dealing with state-trading countries now advertises itself with a sign in Russian. At least some small hope now seems to exist that last month's despatch by Vice President Willy De Clerq of letters to the Soviet Union and its six East European allies has heralded a new and less distant dance between the EEC and Comecon.

In his missives to the seven Eastern governments and their Comecon secretariat in Moscow, Mr De Clercq proposed "normalisation" of relations. For the EEC this would mean that each of the seven governments would accredit a *few* of their Brussels diplomats to the EEC; that those governments that wanted to would negotiate separate trade accords with Brussels; and that the EEC and Comecon would agree on some general political declaration which satisfies group Eastern honour while reserving real trade issues for individual countries to negotiate.

Mr Viatcheslav Sytchov, Comecon's secretary-general, implicitly at last conceded last autumn that Comecon was not the EEC's equal in trade competence. He told Brussels that an EEC-Comecon declaration "could create more favourable conditions" for bilateral trade negotiations between the EEC and individual Comecon member states.

The EEC hummed and hawed, worried that words like "could create" were too vague. It had wanted to pin Mr Sytchov down to precise "permission" for individual Comecon members to negotiate with Brussels, that is until some East Europeans informally pointed out that the EEC could be setting a trap for itself and them.

Getting some such formal "permission" from the Soviet Secretary-General would enshrine the very Soviet hegemony over Eastern Europe that the EEC wants to avoid, it was said. So, Brussels hit upon the parallel approach to Comecon and to its members.

The Brussels switchboard has not however been jammed with calls. Part of the lack of response is due to the fact that Hungary, the country which in recent years has shown the keenest interest in a separate trade deal with Brussels, is holding out for what EEC officials describe as the toughest terms.

It is still standing squarely on the demand it tabled in its 1982-84 informal talks with Brussels — that the quotas which the EEC imposes on it are illegal under the General Agreement on Tariffs and Trade (Cett) which Budapest joined in the early 1970s. and must be abolished.

So central is this to the Hungarian position that Budapest officials even say they do not necessarily want an EEC accord, just for Brussels to recognise Hungary's rights as a fellow Gatt member. The Hungarians say that quotas could be phased out, but that there must be a firm timetable leading to eventual abolition.

"We want to see the end of the road before we sign anything with Brussels," said one official in the Hungarian capital this month.

The EEC Commission says the Hungarian demand is far too sweeping. For all its vaunted reforms, Hungary is still a state-trading country and, as such, is a legitimate target, eveo in Gatt, of quotas. In any case, there is simply no EEC political consensus for scrapping all the quotas, when members like Italy have as many as 800 national quotas on Hungarian industrial *products*.

Ironically, therefore, other Comecon countries may beat Hungary to the Berlaymont door. Czechoslovakia has made modest proposals on the replacement of some EEC quotas on its industrial products by volnntary restraint agreements, which EEC officials say are quite negotiable.

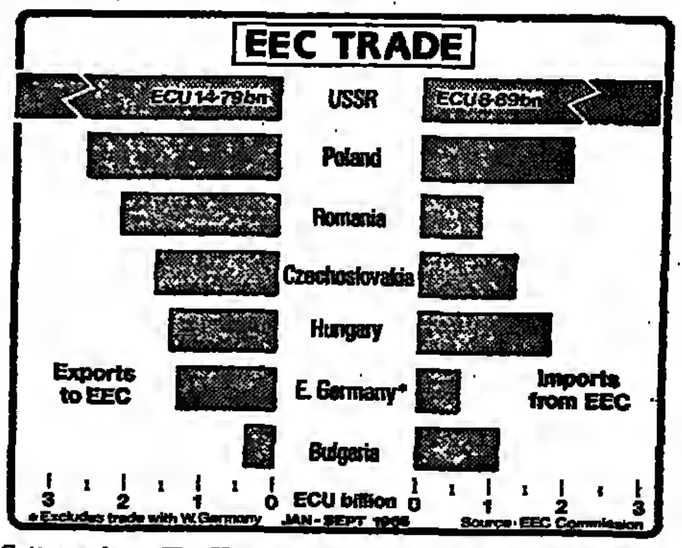
Poland end Bulgaria have indicated that they have similarly modest views of possible trade agreements with Brussels. Romania, as the only Comecon country so far to reach an accord with the EEC (in 1980), has greater ambitions, but will probably settle for a renegotiation of its 1980-85 agreement to cover a few agricultural products and some element of "cooperation."

Moscow and East Berlin are unlikely to rush to Brussels, because for different reasons, they do not really need trade *concessions from the EEC*. The Soviets mainly export energy and raw materials, which do not attract EEC restrictions, while East Germany is already in effect the hidden 13th EEC member, via its agreement on "inner-German trade" with Bonn.

East Germany's trade with West Germany is three times its trade with other EEC members.

But economics may not determine everything. For instance, if Mikhail Gorbachev, the Soviet leader, were to determine that his new strategy of wooing Western Europe (by implication, away from the US), then Moscow might be one of the first Comecon members to recognise the EEC politically, if not to bargain with it commercially.

An agreement with the EEC on science might interest Moseow, say EEC officials, who themselves are reciprocally interested in what the Soviet Union is doing in high-tech and nuclear energy. That, in turn, might not however be pleasing to Washington.



Philips to invest $40m in Taiwan chip plant

BY ROBERT KING IN TAIPEI

PHILIPS OF the Netherlands is to invest $40m (£28.5m) in a very large-scale integrated circuit (VLSI) plant projected to begin pilot runs in Taiwan later this year.

The Philips investment in the project is the first by the private sector, which the government hopes will put up $75m of the $145m equity.

The government will put in $70m and the remaining $60m of the total $205m cost will come from bank loans.

The new plant will allow relatively-small Taiwanese design houses to compete in international memory and logic circuit markets, because it offers economy of scale and thus lower costs of production to the design houses.

The plant will be able to produce one-megabit memory chips as well as sophisticated logic circuits. Philips' participation in the project will also include technology transfer.

Brussels agrees Spanish demand for steel curb

BY IVO DAWNAY IN BRUSSELS

THE EUROPEAN Commission yesterday accepted a Spanish demand to limit imports of three key steel products from the ten members of the Community before it was enlarged.

From today, nntil the end of the year, shipment from Spain's Community partners of hot-rolled coils, cold-rolled sheets, and beavy plates will be restricted to a total of 505,033 tonnes.

Madrid had ealled for the ceilings on Monday, citing a safeguard clause in the accession treaty as justification for the move.

The Spanish authorities claimed that between eccession on January 1 and February 10 total steel exports from the Ten to Spain had reached 261,000 tonnes, when in the past that figure would have been only slightly over 100,000 tonnes.

Announcing the new restrictions, the Commission made elear that the Ten's overall sales to Spain in 1986 will not be lower than those in 1984.

For practical purposes, the quantities of steel covered by the restrictions will be preseoted quarterly uotil tho end of the year.

The restraints for each product are: hot-rolled coils 296,083 tonnee; cold-rolled sheets 172,718 tonoes; heavy plates 36,234 tonnes. In 1984 a total of 626,942 tonnes of these three products were sold to Spain, or just over 50 per cent of the total EEC steel products shipped.

Montedison in Czech accord

MONTEDISON, Italy's leading ebemicals group, has coneluded a $100m (£71m) five-year trade agreement with Czechoslovakia. Alan Friedman reports.

The deal, which calls for Montedison to supply chemicals, petrochemicals, pharmaceuticals and dyestuffs, is similar to two previous import-export agreements reaebed between Montedison end East bloc governmeots late last year.

These were a $250m deel with East Germany and a $150m contract with Hungary.

The new deal with Chemapol, the Czech state chemicals company, reinforces existing trade ties and eovers the five-year period of 1986-90.

Mr Mario Schimberni, Montedison ehairman, has placed a high priority on developing more trade ties with Comecon countries

Japan power groups seek new LNG price formula

BY YOKO SHIBATA IN TOKYO

JAPAN'S ELECTRICITY and gas companies are to propose a new pricing formula for liqnefied natural gas (LNG) which will reflect market prices. Japan imports 27m tons of LNG a year, about 55 per cent of whieb is imported from Indonesia, and the rest from Malaysia, Abu Dabl and Brunei.

LNG prices are now set in line with the official government selling prices (GSP) of crude oil. Oil producing countries have not reduced the GSP, while oil prices have been plunging. As a result LNG import prices are more expensive than those of crude.

The GSP pricing formula was adopted in 1976 to stabilise LNG import prices.

LNC prices average $260 a ton, while crude oil prices under the netbeck formula have plunged to around $20 per barrel, against the GSP of $28.

● A JAPANESE consortium, comprising Marubeni, Nippon Kokan and Toshin Steel, is negotiating to sell its stake in P.T. Budidharma Jakarta, a joint Indonesian steel venture.

The company was established with the Sumber Sejahtra gronp in 1974. Marubeni provides raw materials and markets the company's produet, Toshin Steel is responsible for technieal guidance and Nippon Kokan, as Toshin's parent, hold a stake in the venture.

State airline fears delay in privatisation schedule

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A PLEA for the Government to press ahead without further delay with the privatisation of British Airways (BA) this summer was made yesterday by Lord King, chairman, to a private meeting of more than 140 Conservative MPs.

Arguing that BA's place was rightly in the private sector, Lord King said that privatisation would be one of the most significant sales in the whole government programme of rolling back the frontiers of the state. It would show the success of that philosophy to the world.

Lord King met the MPs because BA fears that the Government could be on the verge of delaying privatisation of the airline, in favour of other candidates such as British Gas.

Some sectors of the airline industry believe that there could be further US litigation in the wake of the Laker collapse. This would add to BA's difficulties, although the airline has said that it believes such fears are groundless.

It has an agreement with the US Department of Justice over the Laker claim of conspiracy to drive that airline out of business, and has agreed a settlement of $30m for further claimants seeking damages for loss of North Atlantic cheap fares.

Outstanding are legal actions by a Los Angeles travel agent and a claim by Laker employees for compensation. These, BA believes, can be settled reasonably soon by lawyers for the parties, and do not justify further delay in privatisation.

One concern to BA is that it has been denied by the Treasury, pending privatisation, the right to go ahead with fleet re-equipment plans, costing well over £2bn, especially for a new fleet of 20 Boeing 747-400 long-range Jumbo jets to replace existing ageing aircraft.

At some stage it will also need a new short-to-medium range airliner, such as the Airbus A-320, or even perhaps the Boeing 7J7 propfan.

BA fears that if privatisation is further delayed, and with it the right to settle its own re-equipment situation, it will, in Lord King's words, become "a second-rate world airline".

He told the MPs that the present Government had interfered with the airline less than many of its predecessors but BA now needed quickly to become a free operator.

Lord King added that in the private sector, BA would be able to react quickly to its market, and to maintain and improve its position against the 140 airlines which already competed against it.

Hugh Carnegy assesses Dublin's view of Unionist hostility to the Anglo-Irish accord

Republic unlikely to make concessions

DUBLIN reaction to the confused and violent turn of events in Northern Ireland in the past two weeks over Unionist opposition to the Anglo-Irish accord can be summed up in the words of one official involved in dealings with London who said: "The only way forward is to continue working this agreement."

Publicly at least, the Irish Government has been reduced almost to the role of observer as the battle of wills between the Unionists and the British Government has become the focus, in contrast to the early days when Dublin made much of the running in the inter-governmental conference.

In the present phase, it has pronounced itself pleased with the way Mrs Margaret Thatcher, the Prime Minister, has dealt with the situation and concentrated on reaffirming its message that the Dublin door remains open to the loyalist community, which Irish ministers insist, has been badly misled by Mr James Molyneaux and the Rev Ian Paisley, the two main Unionist party leaders.

NORTHERN IRELAND's Democratic Unionist Party yesterday made public a tape-recording which it claimed showed the opposition of the mainly Protestant Royal Ulster Constabulary (RUC) to the Anglo-Irish agreement. The Rev Ivan Foster, a member of the Northern Ireland Assembly, said the tape was made secretly at a recent meeting of the Police Federation, the union representing rank-and-file police officers. One Federation member received loud applause when he suggested that the agreement should be scrapped, while another criticised the Chief Constable, Sir John Hermon, for his "collaboration" with a system which made the RUC "a political puppet in the eyes of the people of this country." The RUC said that it had no knowledge of the matter.

Undoubtedly, ministers and officials in Dublin have been disappointed by the sustained intensity of Unionist opposition since the agreement was signed last November by Mrs Thatcher and Dr Garret Fitzgerald, the Irish Prime Minister. They expected initial rejection but counted on significant numbers of moderate Unionists being willing to work within the framework it created.

Yet the picture is not regarded as totally bleak. Levels of violence by paramilitaries on both sides of the divide in Northern Ireland might have been worse and might have spilled over into the republic. Violence on Monday's day of action was seen as serious, but there was relief that there were no fatalities.

Some slight encouragement is also taken from the fact that, although Unionist leaders remain vehemently hostile to the agreement, the ground has shifted somewhat with expressions of willingness to negotiate power-sharing and some role for Dublin if the agreement was set aside.

According to one Irish pre-agreement assessment, progress on persuading the Unionists to join talks on devolution could not be expected for at least a year. So when Mr Molyneaux and Mr Paisley came out of their meeting on February 25 with Mrs Thatcher and initially signalled they might go in this direction, Irish hopes leapt.

The hopes were mingled with disbelief, however, and the latter was borne out by the swift about-turn when the men returned to Belfast the same night.

The Irish Government feels it cannot risk embracing any Unionist figure who could not deliver support on the ground in the north, so it waits to see whether any Unionist can successfully steer a course away from the hardliners and who that figure may be.

In the meantime, although government spokesmen insist they have some contact with Unionists, it seems they rely chiefly on television, radio and newspapers, especially the loyalist Ulster Newsletter, to gauge what Unionist people are thinking.

There are hopes that an influential moderate stream of Unionism may still be tapped before the "hard men" take over. The reaction of Mr Molyneaux and others to the ugly scenes and intimidation of Monday's strike fuels these hopes.

There is little inclination in Dublin to make concessions on the agreement.

The republic treasures the gains which it feels have been made through the Anglo-Irish conference for and within the nationalist community –

Government plans widespread overhaul of the criminal justice system

Robin Pauley looks at proposals that could lead to fundamental change in the nature of British criminal law

AN ENORMOUS bill, controversial in many parts, will be introduced in the House of Commons in the autumn to make major changes to the criminal justice system including sentencing, youth custody, the jury system, extradition and reparation to the victims of crime.

The Government published a White Paper (policy document), detailing its plans yesterday together with two discussion papers on some of the more controversial proposals – removing some offences from the category in which the defendant has the right to elect for trial by jury and changes in the arrangements for young offenders sentenced to terms in custody.

Mr Douglas Hurd, Home Secretary, inherited many of the proposals from his predecessor, Mr Leon Brittan, although the proposals on juries and extradition have been developed since he took over. The bill is also likely to contain clauses changing the rules governing the anonymity of rape case defendants, although this is not covered in the White Paper.

Mr Douglas Hurd

Mr Leon Brittan

Sentencing and powers of the court: The paper proposes an increase from 14 years to life imprisonment as the penalty for carrying firearms in the furtherance of crime. This change is a result of Tory Party conference clamour for stiffer penalties and is more cosmetic than most of the other changes, as there is not likely to be much difference in actual time served in jail under an average life sentence and a 12 or 14-year sentence.

Ten years after the Salmon Commission reported on the standards of conduct in public life, one of its key recommendations is to be implemented. The maximum sentence of two years in prison will be raised to seven years for offences of corruption such as bribes of gifts and loans.

The Government also intends to inflation-proof the maximum fines which can be imposed by magistrates for summary offences. It is also anxious to respond to public concern about the occasional seemingly lenient sentences. This is in spite of the rejection by the House of Lords during the passage of the Prosecution of Offences Bill of a proposal to allow the Attorney General to refer apparently over-lenient Crown Court sentences to the Court of Appeal for opinion.

The preferred solution is to publish the Court of Appeal's sentencing judgements in a much more coherent and accessible form by a statutorily constituted Judicial Studies Board, although Mr Hurd is inviting further comments.

Radical changes in sentencing options such as semi-custodial sentences for weekends, nights, or part of the day have been considered as options to full custody, but are not to be pursued, mainly because of the heavy costs involved.

A source of controversy is to be removed with the abolition of a power introduced in 1980 allowing magistrates to order people to be detained for up to four days in police cells. The White Paper says that this practice involves "unsuitable" accommodation – in some areas *there are no police cells certified for* detention under the power – and inappropriate personnel. It says the police should prevent and investigate crime and not be used as an agency for carrying out court sentences.

Home Office ministers have been surprised at the lack of controversy over proposals in the Drug Trafficking Offences Bill under which the assets derived from major drug dealing can be confiscated. So they intend to apply the same general principles to some other crimes such as organised crime or very serious fraud. They are inviting comments on the extent to which the plans for drug trafficking might be extended to other crimes.

At the same time, the powers of courts to order the forfeiture of property used in connection with crime will be widened to cover all offences, property lawfully seized at any time and to goods of which possession is itself an offence.

Victims of crime: Wider powers are to be introduced to force offenders to pay compensation to their victims. Courts will be required to give reasons for not awarding compensation for injury, loss or damage. Restrictions preventing compensation orders to dependants and relatives in fatal cases will be relaxed, as will the limits on orders in traffic accident cases.

One way of ensuring payment in some cases will be to allow the money raised by selling forfeited property to be used to compensate the victims of the crime in question. The Criminal Injuries Compensation Scheme, which makes payments to victims of violent crime, is to be put on a statutory basis, conferring on eligible applicants a definite right to compensation.

Procedural changes: The most controversial aspect concerns the jury system. The Government is anxious about the peremptory challenge system which allows defence counsel to remove up to three potential jurors from the box for each defendant on trial.

This really concerns multi-defendant cases where each defendant's right to remove three jurors can mean the entire first jury being replaced.

Mr Hurd is inviting comments on three options: complete abolition of the peremptory challenge, a reduction in the number of peremptory challenges allowed from three to two or one, or a special limit in multi-defendant cases.

In any case, the right of challenge for cause (where either the prosecution or defence challenges a juror and explains the reasons after which the judge makes a public decision) remains unaltered.

Until 1977 a defendant had the right to challenge seven jurors but this dated from the days when unanimous verdicts were mandatory. Now, majority verdicts of at least 10-2 are allowed and the Government's anxiety is that, as three is the minimum number needed to prevent a majority verdict, more and more defendants are using the peremptory challenge in the hope of replacing people who "look" likely to be unsympathetic.

The new bill will include many of the recommendations made in the Roskill report on fraud trials, but it has not yet been decided whether or not to replace the jury in complex fraud trials with an expert tribunal.

Comments are also sought on the idea of raising the upper age limit of potential jurors from 65 to 70 on the basis that they would be eligible for jury service but not compelled to serve. This would bring another 2m people within the scope of jury service.

The Government is still struggling with the problem of enforcing fines but has decided against implementing the provision in the Criminal Justice Act 1972 which allows community service to be ordered in the case of a fine default.

With a note of exhaustion of ideas, the White Paper says: "The Government would, however, welcome any further suggestions either on this proposal or on other ways in which the problems associated with fine default might be tackled."

Extradition: Mr Hurd is discovering, like other recent Home Secretaries, that the essentially domestic role of the Home Office is becoming rapidly internationalised, particularly in respect of drug trafficking, terrorism and extradition.

Britain's Extradition Act dates from 1870 and the Government's proposals for reform to make it easier for foreign countries to extradite both foreign and British nationals from Britain are likely to be fiercely contested.

The key proposal is to abolish the requirement that the state requesting extradition must establish in British courts a *prima facie* case against the "fugitive," according to English rules of evidence. This means a magistrate has to be convinced that the evidence produced would have justified the fugitive being committed for trial if the offence had been committed in the UK.

The Government feels this is a formidable impediment to extradition. It says abolition of the rule will not diminish the rights of the fugitive who will still be protected by the political safeguard, the double criminality rule and the Home Secretary's overriding discretion to prevent extradition.

Leading Article, Page 22

Britain has surplus for sixth consecutive year

BY GEORGE GRAHAM

BRITAIN recorded its sixth consecutive year of trading surplus in 1985, the Government announced yesterday. A surplus of £980m in the last three months of the year brought the surplus on the current account of the UK balance of payments to £3bn for the whole year.

Invisible trade in 1985 is preliminarily estimated to have produced a surplus of £5bn, the Central Statistical Office said. While the UK's surplus on trade in services rose, investment earnings received from overseas were lower than in 1984.

The balance of payments figures are in line with the Government's forecasts, with both visible and invisible trade balances close to the levels indicated in the Government's Autumn Statement in November. Mr Nigel Lawson, Chancellor of the Exchequer, then forecast an increase in the total current account balance in 1986 to £4bn, but the surplus on trade in oil this year is expected to be less than his £8bn prediction as a result of lower oil prices.

Investment earnings, including interest payments, profits and dividends, showed a surplus of £2.3bn in 1985, compared with £3.3bn in the previous year. Earnings were reduced in the fourth quarter as a number of companies' overseas profits were reduced by extraordinary charges. For example, BP recorded a charge of £500m against the profits of its US subsidiary Sohio.

The estimated surplus on trade in financial services rose to £6.3bn last year, compared to £4.2bn in 1984. Net earnings from financial services rose by £1.2bn, while the UK moved from deficit into surplus in its travel account.

The UK deficit on transfers of funds – including payments to and from the EEC, remittances from migrant workers and gifts – increased to £3.6bn. Disputes over the 1984 EEC budget meant that payments to the Community for both 1984 and 1985 were made last year, while the UK's 1985 rebate from the EEC was delayed until January this year.

Visible trade was in deficit by £2.1bn for the whole of 1985, compared to a deficit of £4.4bn in 1984. The deficits in 1984 and 1985 were made worse by the effects of the coal strike. Without the strike, last year's deficit would have been around £850m, close to 1983's deficit of £800m, the Central Statistical Office said.

Thatcher rejects full EMS entry calls

By Ivor Owen

STERLING'S special status, which distinguishes it from other European currencies, was again strongly emphasised by Mrs Margaret Thatcher, the UK Prime Minister, in the House of Commons yesterday when she rejected renewed calls for Britain's immediate entry into the exchange rate mechanism of the European Monetary System.

The calls were led by Mr Stephen Dorrell (Conservative), who quoted the view of Mr Samuel Brittan, chief economic commentator of the Financial Times, that such a step would help to reduce the level of interest rates in Britain.

Mr Dorrell said the recent decline in sterling which had made it more competitive indicated the time was ripe for its inclusion in the exchange rate mechanism.

Mrs Thatcher recalled that she faced such suggestions at regular intervals, including an occasion when sterling had stood at a rate of DM 3.78 compared with the current rate of DM 3.20. Those who had advocated the step then "must be rather glad that we did not go in because we would have suffered rather grievously if we had."

"One day when we think the time is appropriate we shall join the exchange rate mechanism. We do not think it is appropriate now," she said.

Mr Enoch Powell (Ulster Unionists) urged the Prime Minister to remain deaf to the "unwise promptings" that Britain should return to the "miseries and follies" of a fixed exchange rate for sterling.

POOR FEBRUARY PERFORMANCE BLAMED ON TAKEOVER DISCLOSURES

Austin Rover market share falls

BY KENNETH GOODING AND JOHN GRIFFITHS

AUSTIN ROVER's UK market share fell to 15.79 per cent in February, over 3 per cent behind Vauxhall, the GM subsidiary.

The company, the volume cars subsidiary of state-owned BL, yesterday blamed its poor performance directly on the uncertainties created over its future by the furore over the break-up of BL and the disclosure – and aborting – of Ford's takeover approach.

Privately, its executives were particularly critical of subsequent public statements, first by Mr Sam Toy, Ford UK's chairman, then by Mr Bob Lutz, chairman of Ford of Europe, regretting the ending by the Government of takeover talks and warning that the decision could cost many Austin Rover-related jobs.

Statistics from the Society of Motor Manufacturers and Traders (SMMT) showed Austin Rover's market share last month to be more than 2 per cent down on the 18.29 per cent achieved in the same month last year, and to have fallen behind that of Vauxhall for the year to date with 17.18 per cent.

Vauxhall achieved 19.08 per cent in February, also down on the 19.95 achieved a year earlier. Its year-to-date share stands at 18.10 per cent.

Ford, the market leader, also saw its February share drop compared with last year, to 25.36 per cent against 28.03.

"The first fortnight of February just went dead," one Austin Rover executive said yesterday. Some fleet operators were said to have postponed orders until April at least, in the hope that by then the situation would have clarified.

One element in the uncertainty has related to the possibility of an adverse reaction by Honda, with which Austin Rover is collaborating, to disclosure of the talks with Ford.

However, Mr Harold Musgrove, Austin Rover's chairman, is understood to have had a very cordial reception from Honda during his current visit to Tokyo to further a planned joint model to replace the Maestro and Rover 200. Announcement of the signing of a further agreement to develop the car is expected shortly.

Mr Musgrove is believed to have discounted any prospect of Honda taking an equity stake in Austin Rover.

Mr Lutz declared that Austin Rover would be inextricably linked with Honda within six months. He claimed that all Austin Rover's future models would rely heavily on Honda models, designed for Japanese components – a claim hotly denied by the company.

Mr Lutz suggested that a Ford takeover would have been wholly beneficial for Austin Rover and rebutted suggestions that it would lead to plant closures, job losses in the components industry and among dealers.

As part of Ford, Austin Rover would have been in a stronger position he claimed. For example, Ford could boost Austin Rover's output by hundreds of thousands a year by selling distinctive MG and Rover models on the European Continent.

The appointment of Mr Graham Day, the British Shipbuilders chairman, to become the new full-time chairman and chief executive of BL is bound to create some temporary uncertainty of its own. But yesterday there was also optimism within the company that firm new leadership should serve to underpin the company's image.

The SMMT's statistics showed total sales last month losing the early impetus of January.

Liverpool heads for new budget crisis

BY WALTER ELLIS AND IAN HAMILTON FAZEY

LIVERPOOL is expected to face a new budget crisis in the coming financial year because its Labour-controlled council failed to apply in time for an increase in spending limits that would have allowed it to meet its financial obligations.

Without more cash from the Government, the council may have to cut about 3,000 of its 31,000 jobs and raise council-house rents by as much as £7 a week.

The consequences of the situation for the councillors concerned – 48 of whom were surcharged this week in the High Court for delays in setting a legal rate for 1985-86 – are far from clear. Councils are legally obliged not only to set rates (local property taxes) on time but to ensure that they provide adequate funds.

Under a clause of the Local Government Bill, set to become law on March 25, councils must now set their rates by April 1 – earlier than in previous years. Liverpool finds that it can meet that deadline only by setting a rate that would yield a shortfall between income and expenditure of at least £38m.

A standstill budget that would allow for inflation would require £312m in the 1986-87 financial year. But spending curbs on councils imposed by the Government means a maximum permitted increase in the rate of 15.5 per cent, generating just £274m.

Liverpool could have applied to the Government for an increase in its spending limits, but reportedly did not do so until after the December 18 deadline. A last-minute application lodged last month, which might still have been accepted, failed through an alleged lack of the necessary financial details.

In the London borough of Lambeth, 32 of whose councillors have also been surcharged, the same situation does not apply. Lambeth has undertaken to fix its rate by March 19 and may bring the day forward to ensure that the Government's new deadline is met.

The extent of the Labour movement's support for the rebel councillors in Liverpool and Lambeth – each of whom stands to lose several thousand pounds as a result of the High Court ruling – meanwhile remains unclear.

Mr Neil Kinnock, the Labour leader, did not raise the issue in the House of Commons, and up to yesterday evening had spoken to none of the councillors concerned. Nor was there contact by any member of the Shadow Cabinet.

Labour councils, on the other hand, have been quick to demonstrate their support for their surcharged colleagues. Five London boroughs – Greenwich, Camden, Southwark, Islington and Hackney – fear that they too may face action by the audit commission in respect of their 1985-86 rates, leading to the possible surcharging of Labour Councillors.

Liverpool councillors are not now expected to appeal against their surcharges and might, therefore, expect to be disbarred from holding public office from April 2 – the last date on which they can lodge notice of appeal.

Drive to cut rail catering loss

By Lisa Wood

BRITISH RAIL is to ask the private sector to help to provide food on trains as part of a £12m shake-up of its catering activities.

The menu will include such dishes as venison and grouse which, like airline food, will be partly cooked, chilled and loaded on to trains before being reheated on board.

The aim is to improve standards of food on trains and to make the catering side of BR's on-train catering operation profitable by 1989.

In the 15 months from January 1 1984 to March 31 last year, on-train catering, run by Travellers Fare, a wholly-owned BR subsidiary, made a loss of £6.8m on an annual turnover of £30m. Catering on stations in the same period made an operating surplus of £4.3m on a turnover of £70.6m.

The private sector will be asked to supply food to new refrigeration points on the rail network. BR said: "We are not seeking to privatise on-train catering but merely to buy a service. All the food will continue to be served by BR employees."

The reorganisation will involve splitting the catering activities with Travellers Fare retaining responsibility for stations and catering on trains becoming the responsibility of Inter City, the commercial part of BR's business.

BR said there would be no plastic knives and forks as on airlines. It will retain its traditional restaurant car with silver service on china plates.

Dishes at the top of the market such as venison and grouse can be served at the seats of first-class passengers while second-class passengers will eat in a restaurant car.

For those not wanting to pay more than £10 a head for a 3-course meal, BR is planning hot snacks such as lasagne and sandwiches with fillings other than the stalwarts of ham and cheese.

Print unions agree flexibility pact

BY PHILIP BASSETT, LABOUR EDITOR

LEADERS OF the print unions Sogat '82 and the National Graphical Association are recommending acceptance of a pay agreement for the general printing industry which provides for an important element of work flexibility.

The executives of both unions have approved the deal reached earlier this week with the British Printing Industries Federation, the body for general non-newspaper printing companies in the UK.

In the light of News International's dispute over its new printing plant at Wapping, in east London, the deal is an indication of the changes which can be achieved through normal negotiated methods.

The non-pay elements of the deal are among its most important features for the industry. Its provisions on hours for the first time increase the flexibility of member companies to arrange their working time to suit fluctuations in seasonal and customer demands.

It stipulates that for Sogat members, there shall be no demarcation within or between jobs in warehousing, bookbinding, print finishing, stationery, carton conversion and printing departments. Sogat members may be called on to carry out any duties in any of these areas.

Raymond Snoddy writes: All the copies of Mr Eddie Shah's new daily, Today, seem to be selling out – despite arriving late at most newsagents. "We could sell four times as many as we are getting", W. H. Smith, the wholesale newspaper distribution group, said.

Production problems disrupted the launch of the paper on Tuesday but about 1.2m copies were printed on Wednesday night. W. H. Smith, which distributes about half of the print run, said it would be one month before Mr Shah's performance could be fairly judged.

New 'winter premiums' planned to help elderly

BY KEVIN BROWN

THE Government is considering a system of special "winter premiums" for pensioners to replace the controversial Exceptionally Severe Weather Payments scheme, Mr Norman Fowler, the Social Services Secretary, told the House of Commons yesterday.

Mr Fowler told MPs during a debate on the elderly that he was considering "more effective ways" of deploying the resources provided by the Government to help vulnerable groups with heating costs.

The severe weather payments scheme has been widely criticised because of alleged delays in processing payments caused by its dependence on the discretion of officials in more than 500 local social security offices.

Mr Fowler said "winter premiums" could be paid under the income support proposals in the Social Security Bill, at present in its committee stage, which would broadly replace supplementary benefit. Mr Fowler said he was also considering the role of the proposed social fund, which is intended to provide emergency social security payments, in combating problems with fuel bills.

Mr Fowler rejected claims by Mr Michael Meacher, the Labour social services spokesman, that more than 6,000 more people had died in the first three weeks of February than in the equivalent period last year. Mr Meacher said the extra deaths were caused by a combination of the extreme cold and the Government's failure to protect pensioners.

Mr Fowler said Mr Meacher's figures were not produced on a comparable statistical basis.

Gear change sought to keep Raleigh bicycles on the road

Arthur Smith on the cycle makers' plan to change work practices to reverse its flagging fortunes

TI, the UK engineering group, is to seek radical changes in production methods and work practices in another attempt to seek a future for its troubled Raleigh bicycle operation. The aim is to find the profitable core of a business that has suffered dramatic switches in fortune in recent years.

On a sprawling 64-acre site close to Nottingham, the Raleigh factory, in 1978 had 8,000 workers to assemble more than 2m bicycles, more than 60 per cent destined for overseas markets. With the workforce already cut to 1,800, profitability is sought on an output of about 1m cycles. The UK is the main market, with only 30 per cent of production exported.

The reason why yet another recovery package is necessary is the tumble the local market has taken in the past two years, dropping from record deliveries of 2.3m bicycles in 1983 to 2.1m in 1984 and to below 1.5m last year. Two bad summer and the passing of the BMX (bicycle motor-cross) craze have taken their toll.

The UK is not alone in suffering a downturn. West Germany has seen cycle deliveries to the retail trade slide from 4.1m to just 3m two years. Similar falls have been incurred by other cycling nations such as the Netherlands and Belgium. The French market has remained fairly stable at about 1.8m, a fact attributed to the sunnier climate in the southern region.

In a West European market experiencing over-capacity and cheap imports from Eastern Europe and the Far East, there is pressure on prices and profits. Kalkhoff, one of the leading West German assemblers, ran into financial problems late last year.

In the UK, TI Raleigh dominates the cycle industry, accounting for about 45 per cent of sales and 60 per cent of output.

Way behind is Holdsworthy with 107 workers and an output of about 100,000 cycles, which claims to be the second biggest.

Elswick Falcon on Humberside claims a greater market share of about 8 per cent, but it imports about half of the 120,000 cycles it sells. The rest of the UK assembly industry is to be small scale, with about six companies supplying specialised markets.

TI rose to dominance in the 1960s – a troubled time for the industry as increasing affluence caused a switch to motor cars – by merging assemblers and components suppliers under the Raleigh and Sturmey Archer names. The bubble burst after 1979 as the policies of the Conservative Government pushed up interest rates and the strength of sterling.

Raleigh found itself priced out of markets. Even the US, to which it had been exporting 250,000 bicycles a year, had to be abandoned. Problems were compounded by political and financial troubles which wiped out traditional markets in Africa and the developing world.

Raleigh responded by concentrating on defending the home market against imports and seeking to export to sophisticated markets in Europe. Labour was shed, the product range slimmed and model development accelerated.

Just when profitability was being restored, there was a shock announcement in October 1984 that the new £6m computerised paint and assembly operation at Nottingham was presenting problems. Future investment was frozen and temporary labour taken on to ensure production volumes could be achieved.

Raleigh sorted out the problems last year and continued to achieve economies, cutting the workforce from 2,600 to 1,800. But with UK sales lagging, a backlog of stock in the retail system and difficulties in the European market, it became clear that more decisive action was necessary.

A task force, aided by McKensey management consultants, was set up last autumn. Changes in work practice based on experience in Japan and other overseas operations received the backing of the TI board this week.

Raleigh sees potential growth in the West European cycle market. Almost 80 per cent of sales are to children under 16, and more than 90 per cent of boys and 70 per cent of girls at some time own a bicycle. Growing affluence means that most cycles will be new purchases rather than "hand-me-downs."

The adult market, with the emphasis on health and leisure, is also looking more buoyant. The average US father's answer to the BMX – the ATB – is already beginning to catch on. The all-terrain bike, with big tyres but sophisticated gears, is seen as the answer to the city commuter's prayer.

Raleigh, having incurred heavy losses in recent years, might have considered the cost of closure.

Sumitomo Rubber

Breaking the mould of old practices

David Marsh on the Japanese tyre group's experiences in Europe

A JAPANESE industrial revolution is bubbling in a collection of ageing tyre factories across the manufacturing heartlands of Europe.

In 1983-84 Sumitomo Rubber Industries (SRI), the Kobe-based tyre company, emerged from the shadows to take over Dunlop's European tyre-making operations; the sun had finally set on a century-old British rubber empire which once ringed the world. Two years later, the heirs of Dunlop are on the way to carrying out the tyre industry's biggest ever remoulding job.

Dunlop set up SRI in 1963 and up to two years ago still held a 40 per cent stake. Japan's first tyre plant was set up in Kobe by Dunlop in 1909. Although part of the Sumitomo family of companies, whose interests range from steel to banking, SRI ranked only number 12 among world tyre-makers in 1984. It then bought for £45m a string of loss-making British, French and West German factories, two of them dating from the First World War, as part of the tangled series of events stemming from Dunlop's near-financial collapse, dismemberment and subsequent takeover by the British conglomerate BTR.

Now the owner of eight plants and $700m worth of operations in the three countries, SRI has invested a total of around $300m so far (including the repurchase of Dunlop's 40 per cent stake) to mount a challenge to European industry which is audacious even by Japanese standards.

The move has brought Sumitomo Rubber up to seventh place in the international tyre league and gives it a bridgehead from which to confront Europe's tyre leaders on their home ground.

In an industry where concentration moves are becoming more frequent—underlined by January's announcement of the merger between the two US companies Goodrich and Uniroyal—some analysts are predicting that, by the end of the decade, more than 75 per cent of world tyre-making capacity could be in the hands of five or six companies. Two of them are likely to be Japanese—SRI and the country's number one producer, Bridgestone.

The SRI acquisition also breaks new ground in the pattern of Japanese investment in Europe, previously carried out mainly through joint ventures and construction of green-field factories in young and expanding industries like consumer electronics or components.

It marks the first time that Japanese management and production techniques are being grafted on to the tissue of old established factories in an industry beset by international over-capacity and cut-throat competition.

After annual productivity improvements of 15 to 20 per cent or more during 1984-85, a dramatic surge in capital investment and a sharp increase in morale at the factories—now running on markedly reduced workforces—Sumitomo Rubber says it is on target in its bid to turn the ex-Dunlop factories to profit by 1987.

Kyo-Hei Yokose, the 66-year-old SRI chairman and chief executive, grew up in Kobe within sight of the belching chimneys of the Dunlop plant. He recalls as a boy using the company's rubber water bottles stamped with the bearded portrait of John Boyd Dunlop who patented the pneumatic tyre in 1888. Now that SRI has eclipsed its former owner, he says with studied understatement: "We have changed the master/student relationship."

Despite the advances of the past two years, productivity at the oldest European factories at Birmingham and Montluçon is still only one third of that in SRI's comparable Japanese plants (the ratio was previously 1:4); the gap at the newer European factories is 1:2. But in all three countries, considerable change has been accomplished.

In contrast to the former lack of shop floor presence by Dunlop executives, Japanese managers and production experts — 35 are in place throughout Europe to supervise the changeover, although the number is gradually dropping —enthusiastically pound the productivity chart-strewn works areas, newly painted in reds, blues, greens and yellows.

The Montluçon plant in the Auvergne region of central France was constructed as e munitions factory in 1918. Workers now plant bushes in the dusty soil to mark the completion of training courses at which they may find themselves studying marketing techniques and sitting—in identical uniforms—next to managers.

Alphonse Saiz, the engineer in charge of training sessions in a set of new classrooms, says the aim is "to develop responsibility" and break down barriers between different sections of the workforce.

At Fort Dunlop, Birmingham, the oldest parts of which dete from 1917, Japanese production engineers have developed tha good-humoured habit of baptising new extruding machines with saki, and shop floor signs proclaim: "More tyres are desperately needed to meet demand."

In Hanau, close to Frankfurt, a facility originally dating from 1904 but completely rebuilt after Allied bombardment in 1945, a Japanese technical manager tries to please the plant's 800 Turkish Gastarbeiter by *adding a sentence in* Turkish to a factory presentation. His hobby, he tells the workers, is tyre plants.

Kurt Himmel, the Hanau production director, enthuses over Japanese willingness to spend money on upgrading machinery, and making factory alterations for which cash in the past had never been available. Over SRI's policy of encouraging neatness, both for safety and to improve productivity, Himmel says: "We thought we were clean. But the Japanese have taught us something."

Already in charge of overseeing the company's European operations, Yokose was promoted *in November on the* death of Shinichi Saito, the previous chairman. He is based for the time being in Birmingham—a sign of the immense importance SRI attaches to its European acquisition.

The key task, he says, has been to cut through the "vicious circle" of Dunlop's poor production, inefficiency and falling sales. This has involved sharp increases in investment spending—up about fivefold over the last 18 months across the European factories compared with the final casb-starved years under Dunlop — as well as renewed attention to maintenance and much-improved training for all categories of staff.

Last year aew £15m spent at the UK factories and DM 50m (£15.5m) in West Germany, while in France planned capital spending of FFr 300m (£30.3m) in 1984-86 will be exceeded.

The workforce in the three countries, including sales organisations, is 10,850. *Capacity* reductions in truck tyres at Montluçon, together with more than 3,000 staff cuts, were put into effect in 1984 as a condition for the takeovers.

"The change is tremendous," says *Dr Klaus Titze,* long-standing production director at Dunlop's West German subsidiary. He took over as chairman of the new SRI company et the beginning of last year. His company, the highest-performing of SRI's European trio, returned to the black last year for the first time in more than a decade.

It has been given responsibility for technological development long denied under Dunlop ownership, and now bas its own tyre testing track. "Before, we were treated like a colony . . . Dunlop had lost contact with the market," says Dr Titze. "Without the Jepanese, we would be kaput."

"Sumitomo has precise ideas over its objectives — and it *doesn't want to attain them all* tomorrow, but is willing to give itself time," says Marcel Marthieu, director at the Montluçon plant both before and after the SRI takeover. "It's comforting to be with a group with e strategy."

"The most important part is not the capital expenditure—it's the supportive attitude of Japanese management," says Ian Sloss, manufacturiog and personnel director at Fort Dunlop. "Before I was heving to convince people—now yon get support for doing tha right thing." He edds: "Yokose *is* too polite to say ao—but our problem was lousy management."

Sir Campbell Fraser, the former Dunlop chairman wbose £137,400 golden handshake was strongly criticised by small shareholders in 1984, now claims that more money would have been pumped into the European operations if only they had been pofitable. "Some*times it is easier for a Japanese* company to take a longer term view than a British one," he says.

Under both Dunlop and SRI rule, the measures of the last few years bave certainly been painful. Fort Dunlop has seen its workforce decline to 2,000 from 8,000 only five years ago. A further 250 office, engineering and sales jobs are to go over the next few months under cuts now being negotiated with unions.

The French operations, traditionally with beaviest overmanning, bave borne the most severe cuts since 1983. SRI originally had no intention of taking over Dunlop France, which was forced to file for bankruptcy in late 1983.

SRI was persuaded to step in after realising in 1984 thet ownarship of the French *opera*tions was the only means of securing exclusiva rights to the Dunlop marque in Europe.

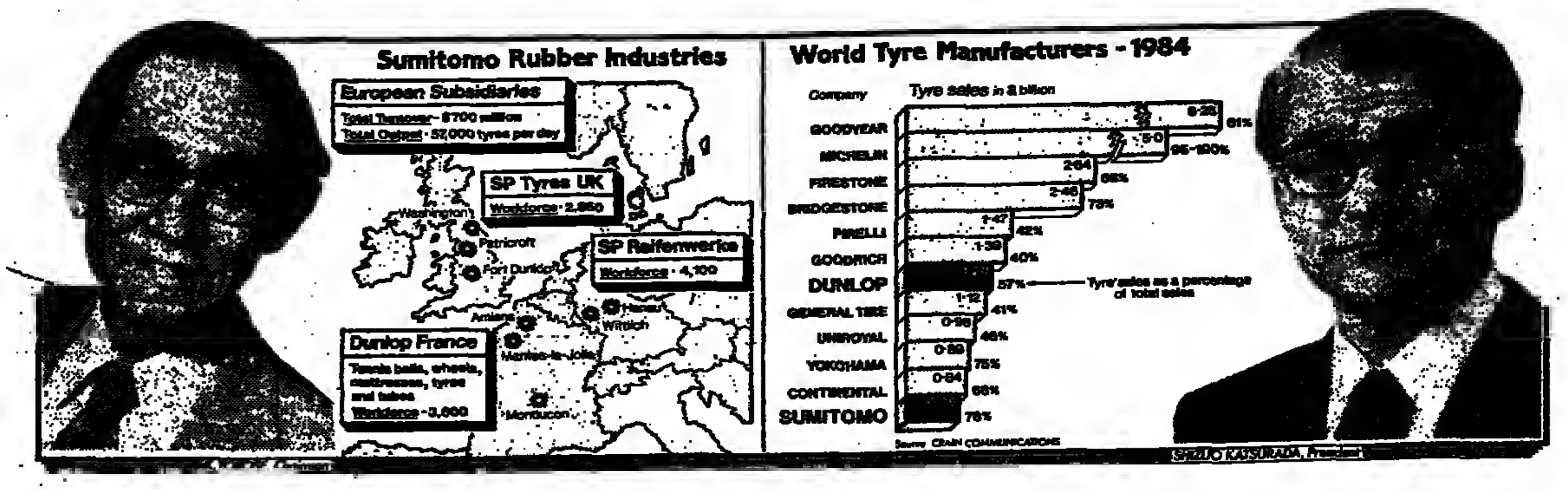
In lopg drawn-out bargaining with the Paris government SRI secured several hundred million francs worth of state grants and loans to help defray financing costs. Dunlop France now prodnces 16 per cent fewer tyres than at the beginning of 1983—*with 50* per cent fewer workers.

Where does SRI go from here? Japan's biggest manufacturing investment in Europe is *already having* ripple effects.

The Fort Dunlop management is trying to use evidence of spruced-up manufacturing as a marketing tool with elients like *Jaguar* and Austin Rover. In Montlucon, local sub-contractors profiting from increased orders last year have started to paint their factory floors to imitate Japanese-style tidiness.

Even though European turnover increased *about 10 per* cent last year, the main short term SRI aim is to hang on to Dunlop's 10 per cent of the European tyre market and only thereafter significantly expand production. After making its big initial push on modernising the production side, the company is now turning more attention to marketing. It also plans to boost exports to the US and Middle East.

Since SRI's avowed aim *is to* boost prodnctivity at its oldest European plants to half the Japanese level, increased exports could hold the key to the company keeping its European workforce at present levels.



SHIZUO KATSURADA, President

Why the customer is paramount in Kobe

AMID THE general hue and cry last week in Tokyo about the ruinous effects of the higher yen on Jepan's exporters, Sumitomo Rubber quietly announced that it was increasing its European tyre exports to the US by 75 per cent instead of increasing exports from Japan.

But this sort of flexibility *was not even a minor* consideration when Sumitomo Rubber considered the acquisition of Dunlop's European plants. "It is true that we did not seek the acquisition. But if we had declined, the *plants may have gone to com*petitors," says Shizuo Katsurada, president of Sumitomo Rubber.

Sumitomo Rubber is based in Kobe, a city where the name Dunlop can still find a room in a fully-booked hotel. And although Sumitomo assumed 100 per cent control of Dunlop Japan more than two years ago, a number of executives still identify themselves as Mr So-and-so from Dunlop. It was not so long ago that Sumitomo was receiving technical assistance *from Dunlop UK.* "*We only* caught np with them on technology about four years ago," says Katsurada.

But as to running a business, top Sumitomo executives mince few words. "We think the actions taken by the historically *glorious* Dunlop were not adequate to support the company."

In more modern times, Katsurada says of Dunlop UK: "*The Birmingham* Tyre Technical Centre was the leader of tyre technology in the world. But their splendid *results were not connected to* the user-orieated products. They made good products and told users ta use them. We think it was completely upside-down."

Katsurada says be runs his *company on three prin*ciples. The first is what he calls genshi genbutsu-ism, which translates as putting the products where the customers are. This on-the-spot principle applies throughout the company from engineering to production. "A worker on the line has his customer as tha man in the next *stage* of prodnction. He is supposed to make the product to satisfy that man," says Katsurada. The major cause of Dunlop failure, Katsurada says, was that top *management throughout the* company lacked this attitude.

The second principle is good management-labour relations. The Sumitomo Rubber executives admit that labour problems were created by both unions and management in England in the 1970s, but "management should be blamed more. It is their liability," says Katsurada.

The third principle is communications — up and down and laterally, says Katsurada. "There was very poor communication in Dunlop UK because people didn't care what other people on their line were doing. Very rarely did workers have common targets."

In fairness to the former management of Dunlop, however, Sumitomo Rubber can afford to run its company on a very different set of financial lines from companies in the west. With 40 per cent of its shares safely held by Sumitomo Electric and another 15 per cent held by other Sumitomo group companies *it is* not under strong pressure to boost its earnings and reduce its heavy borrowings. Indeed, Sumitomo Rubber's current five-year plan calls for sales to expand by 50 per cent from the 1985 level to Y300bn, while pre-tax profits are projected to reach only Y10bn, producing pre-tax margins of 3.3 per cent, compared with just 1.8 per cent currently.

Carla Rapoport

FINANCIAL TIMES SURVEY

Friday March 7 1986

ESSEX

The siting of London's third international airport at Stansted will form the hub of improved transport communications which should bring the county substantial benefits

Improved communications provide key to growth

Survey written by Alastair Guild

Hugh Routledge

Contrasts abound in Essex. The big new shopping centre in Basildon (left) and (above) the historic centre of Colchester which goes back to Roman times

ESSEX IS uniquely situated. To the west lies London, the country's commercial and financial centre, to the east the rich markets of the EEC and Scandinavia.

It is unusual also in its diversity. The vast areas of wheat lands, and forests mainly to the north, are among the most productive in the country. A range of large manufacturing companies such as Ford, Marconi, STC and GEC Avionics, along with a growing financial and commercial sector, make up the county's industrial backbone, while in the south heavy industry has traditionally been the dominant employer.

Yet, for all the strengths which appear to exist on the surface, Essex is confronted with challenges unfamiliar in other parts of the Home Counties.

The county has grown rapidly in the past 30 years from a population of just 800,000 in 1951 to over 1.5m. But jobs have not risen to match the increase.

Though the number of workers living in Essex has doubled, more than 130,000 residents, or 20 per cent of the labour force, travel to work in London. Even in towns such as Chelmsford and Southend, more than 30 miles from London, the figure can be as high as 15 per cent.

Unemployment rates also reflect this discrepancy. At 12 per cent, they are well above the regional average, and are most marked in south- and north-east Essex, where the resort towns of Clacton, Frinton and Walton suffer also from problems of seasonal unemployment.

Essex has experienced substantial factory closures, but these have been caused mainly by factors outside its control. A decline in tha cigarette industry, for example, forced the decision by Carreras Rothman in 1984 to close its Basildon plant employing over 1,200.

Much of the key to the county's future lies in its rapidly improving communications. The M11 and M25 are opening up areas which might otherwise have remained unattractive to potential investors, and have provided a lot of the *driving force behind the siting* of retail superstores with potential catchment areas beyond the county. Even the north of the county is now within a 30-minute drive of London's docklands, and the international flights to be provided from its Stolport.

The A120 is also growing in importance because of its proximity to Stansted and the link it provides across the county to the rapidly expanding port of Harwich.

Tha repercussions of last June's government decision to make Stansted London's third airport are already starting to be felt throughout the county. Over 10,000 jobs will be created by the end of the first phase of expansion in 1990, most of them in airport employment at Stansted itself.

Unscathed

The road network has brought the airport to within easy commuting distance of towns such as Basildon and Harlow with their relatively high levels of unemployment.

While these New Towns have suffered, along with other districts such as Grays Thurrock, historically a major centre for the cement industry, the middle of the county has remained relatively unscathed becausa of its mix of manufacturing industry.

A shortage of certain skills in Essex has been one barrier to redncing levels of unemployment, according to Mr Leon Grice, chairman of the CBI's Essex group. He points to MSC statistics for the time taken to fill vacancies. It takes over six weeks to find motor vehicle mechanics, carpenters nearly five weeks, while machine tool setters and welders are also in short supply.

"People coming out of MSC training schemes in the next few weeks should change that situation," Mr Grice says.

There are, in addition several initiatives to improve liaison between further education colleges and industry. An industrial liaison committee with industrialists, trade unionists and educationists has been set up by the county council to tailor training to the needs of Essex industry.

Another scheme "pick-up" has brought together further education colleges throughout the county to market skills to industry. One group is providing translation services for export documents.

Essex University, based in Colchester with a range of expertise from electronics to linguistics, is developing strong links with industry, with an industrial liaison officer appointed last year. Philips Business Systems chose to base itself in the town partly because of the university's reputation in communications, while British Telecom, with its national research centre close by, established a chair in telecommunitions.

The shortage of well-located, well-serviced and landscaped industrial sites is also being tackled. In Grays Thurrock, for example, RTZ has reclaimed larga areas of worked out chalk pits close to the M25 and is developing them to provide industrial units, retail warehousing and distribution centres.

The county's first technology park, near Chelmsford, is aiming to attract companies in electronics, precision engineering, pharmaceuticals and biochemistry. The county council will provide the spine roads, drainage and planting for the park, to be called Springfield Lyons, at a cost of £1m, and then lease or sell the plots to developers to provide industrial units.

The site was chosen partly because of the town's poll of electronics and commnnications expertise in companies such as GEC, Marconi and English Electric. It also has direct access on to the A12 and the Chalmsford by-pass to be completed *this year, and private* housing for specialist staff is available locally.

Conference

The county council is marketing its technology park and other advantages of locating in Essex nationally and internationally. It has been direct mailing high-tech companies on the American west coast and financial institutions on the eastern seaboard and received over 20 expressions of interest.

It is to hold a conference in London for companies that might be interested in decentralising from the capital and has embarked on a series of trade missions to EEC countries.

However, the council could be doing more to advertise the areas in the county which are ripe for industrial development and designated as such, says Mr John Flett, chairman of the Essex group of the Institute of Directors.

The price of housing in the county is also seen by industry as a possible disincentive to compaines wanting to move people to Essex from other parts of the country. According to Mr Grice: "Districts are not doing enongh to provide key worker housing, particularly for those working in the electronics field," thongh he recognises that local councils "have their hands tied financially."

He points also to the discrepancy between house prices in Essex and those elsewhere in the south-east. A small flat in Basildon, for example, costs about the sama as a four-bedroomed house in Milton Keynes.

Any shortage should be alleviated, however, by the number of houses expected to grow hy 40,000 in the next five years. Developers have lodged planning applications to bnild approaching 10,000 homes, just to cater for the planned expansion of Stansted. There are proposals also for major housing developments at Chafford Hundred and Tillingham Hall in the south-east of the county.

These plans are likely to be controversial becausa of their implications for the Green Belt. On the other hand, they are just one of a number of indicators that Essex is gradually being taken more seriously by institutional investors and property developers.

CONTENTS

Honey pots planned to attract tourists

Leisure

RURAL AND historic Essex are rivalling the seaside resorts of Southend and Clacton as tourist and leisure areas. The possibilities are immense. There are more than six million visitors within one hour's travelling of Chelmsford in the centre of the county, and nearly two million passengers using the Harwich ferry services each year.

Many of them merely pass through, however, on their way to such destinations as London and Cambridge without stopping.

"We are hoping to attract them to stay or visit, on their way into or out of the country," says Ms Lynn Ballard, Essex County Council's tourism officer. The council is hoping to introduce improved signs to tourist attractions, possibly like those white on hrown signs evaluated last year in Kent and Nottinghamshire.

Essex has also been promoting itself at travel exhibitions. Last December, the Essex stand at Olympia's World Travel Market was shared by the county council, Colchester tourist association and Stansted Airport. The county council, Southend, Colchester and Tendring exhibited on the Essex stand at January's Holiday 1986 show at Alexandra Palace.

Last November it brought out a range of new publicity material, including 50,000 copies of 100 Places to Visit, 15,000 copies of Farm and Country Holidays and 15,000 copies of Inns.

Ms Ballard identifies four potential tourism "honeypots":

● Many Harwicb passengers already visit Colchester, attracted partly by the town's Roman past. While there, however, they are drawn to other attractions, such as the town's zoo, which last year attracted more than 250,000 visitors, making it the most popular single stand alone tourist site in the county. Colchester's three museums, castle and art gallery also hring in over 200,000 visitors a year;

● Nearby is the river Stour and the Dedham Vale, the lush countryside made famous by the landscape artist, John Constable. As well as being an area of outstanding natural beauty, Dedham has a heavy horse centre. More than 40,000 visitors come to see its collection of shire horses, barness room and brewer's drays;

● The Saffron Walden area in the north-west of the county also has e major concentration of tourist attractions, including Audley End House. A mansion begun in 1603, it was reduced in size and remodelled by Vanbrugh. Last year, the house, which has e miniature railway in its grounds, drew 50,000 visitors. The Saffron Walden museum attracted 23,000 visitors, the nearby Molehole Wildhole Wildlife Park 35,000 and Hatfield Forest 120,000;

● The small village of Castle Hedingham in the north of the county has an annual influx of 80,000 to visit its castle and the Colne Valley steam railway.

Broader appeal

Country parks are also proving popular with more than 1m visiting the eight parks owned by Essex County Council.

With so many destinations for the day and short stay visitor to choose from, it is perhaps hardly surprising that Esex's more traditional resorts are trying hard to broaden their appeal.

According to Mr Peter Longden, Southend district council's director of development: "It is difficult to see the town coming back as a resort for long holidays. It has a very limited amount of accommodation. Most hotels are on the small size, with only one of the town's large traditional hotels left, with 60 beds.

"We are aiming instead to attract the short stay visitor and day trippers. Day visitors will be the springboard for obtaining new facilities and attractions."

Day visitors already provide the greatest number of visitors to the town, about 1.25m between April and September and about one-third of Southend's £10m leisure income. The market potential for day trippers and short stay holidays is considerable. The completion of the M25 has put an estimated 5m population within a one hour drive of Southend and a possible 15m within two hours.

The council recognised in its tourism strategy, published in 1984, that "there is little positive attraction by the resort, an over reliance on repeat visits and "captive" business market, and a failure to attract new visitors. This appears to stem mainly from inadequate facilities and limited marketing."

That picture is changing. Since the pier was badly damaged by fire in 1976, the council has spent £1.5m on its refurbishment. A light weight train will run along a new track, the first train to be officially inaugurated by Princess Anne at the beginning of May.

The council recently approved e £1.5m scheme put forward by developers Brent Walker for the redevelopment of the pier head. The multi-purpose pier pavilion will be capable of uses ranging from a night club or an ice rink. The private sector is playing a vital part in redevelopment.

The developers will manage the pier and the trains. "Brent Walker has a tremendous incentive to use the pier to its best advantage," says Mr Longden. "It wants to keep it open all the year round, and with the company now involved in the running of the D'Oyle Carte Opera Company, for example, we expect to see a variety of shows and events taking place in the pavilion." The scheme could be completed before the end of this season.

Island marina

The council has also sought the involvement of private enterprise in its scheme for an island marina to the east of the pier. A feasibility study is investigating its economic value. "The buildings and facilities, which would create a very large ratable value for the benefit of Southend ratepayers, would be built entirely from finance raised by private enterprise," Mr Longden says. He estimates that as many as 1,000 new jobs could be created.

Along the coast, Old Leigh, which was historically a centre for the cockle industry, is being restored to provide some of the atmosphere of a "working" fishing village. With government finance, the sea walls have been raised to combat the effects of the Thames Barrier. Southend district council has made it a conservation area and helped to finance the repaving of the high street. Cottages have been brought back into use, grants are available to encourage occupiers to use authentic building materials.

The district of Tendring in the north east corner of Essex, like Southend, is heavily dependent on tourism revenue. It, too, is having to adapt to changing leisure and holiday habits.

Tendring's main resort, Clacton on Sea has e resident population of 46,000. During the summer months, the number of people in the town more than douhles to over 100,000. It also attracts some 27,000 day trippers.

"We recognise that more people are now taking their main holiday abroad, but there is still a market for the second holiday and short stay breaks," says Mr Bert Foster, assistant to Tendring district council's chief executive.

Tendring is working closely with British Rail and the local hotel and guest house association to promote Clacton as a short break destination. Mr Foster also sees as yet largely unexplored the potential for attracting visitors from the Continent passing through Harwich 15 miles to the north.

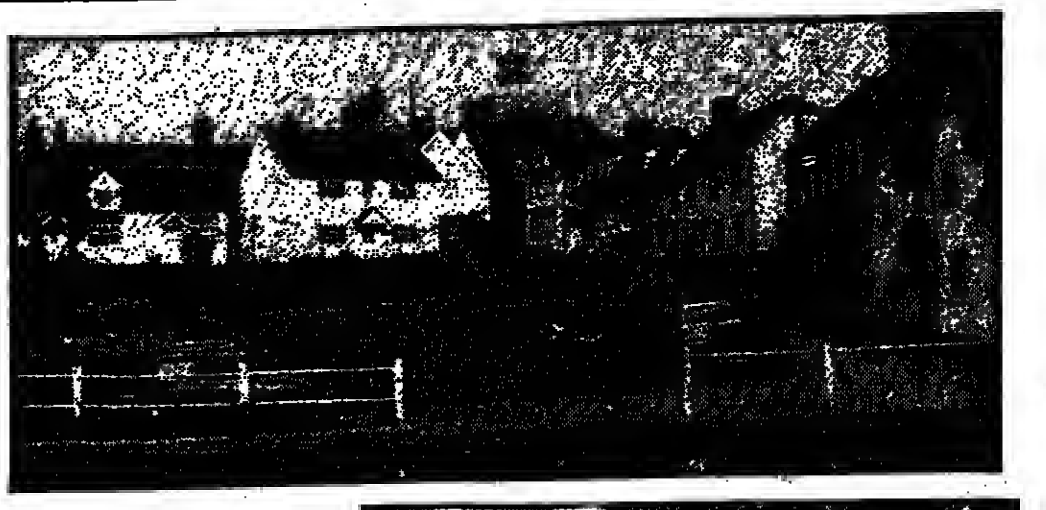
The council runs a tourist information centre at the port jointly with the East Anglian Tourist Board. With the British Tourist Anthority and Ipswich and Felixstowe, Tendring bas been marketing the area nationally as a destination for mini break bolidays.

Clacton does not want to forget the market for self-catering bolidays. Holiday park owners bave invested heavily in recent years to provide facilities such as swimming pools and entertainment complexes.

However, the national decline in the popularity of traditional holiday camps led to the closure of the 43-acre Butlins Holiday Camp on Clscton's seafront. In its beyday, the camp catered for some 6,200 holidaymakers staying in chalets. It also attracted large numbers of day visitors.

In 1984, the place was renamed Atlas Park and reopened largely intact as a theme park. After trading for one year, the park closed and the site is now being marketed for development. "We expect a developer or consortium to provide e leisure content on at least 50 per cent of the site area and compatible uses on the remainder," Mr Foster says. A holiday village, for example, might make the whole development more feasible, he suggests.

Tendring is also marketing Clscton'sy seafront pavilion for development. It is being offered as "an opportunity to recreate history by refurbishment as a leisure complex.



The picturesque village of Finchingfield is popular with tourists.
Right: Kerseys, Boxted, Colchester, one of the country houses being sold by Savills.
Below: industrial/distribution units on the South Industrial Area just minutes away from the M25 London Orbital Motorway.

Boost from M25 link expected

Property

THE PROPERTY market in Essex has yet to feel the full ripple effects from the M25 and M11 motorways and other road improvements in the county. According to one estate agent, property companies and institutional investors still show a reluctance to look east of Liverpool Street.

Such inertia applies particularly with industrial property. Prices of land at Grays Thurrock on the banks of the Thames, for example, stand at £80,000 to £100,000 per acre, compared with £350,000 in the corridor west of London. According to Mr Peter Chaston of Chelmsford-based agents Kemsley, Whiteley and Ferris: "Grays hasn't bappened yet, bnt it will. With direct ecess onto the M25, it is one of the areas in the county with the greatest potential."

The reclamation of derelict land there should provide some of the impetus to the industrial/commercial property sector. Marks & Spencer has already taken e site for a 284,000 sq ft distribution warehouse on the Tunnel Estate, land used until 1976 for the largest cement works in Europe.

RTZ, which ceased cement production in Essex, owns about 400 acres in the area. It has already spent £3.5m on improvements to the 150-acre Tunnel Estate and is asking "very much in excess of £150,000" for serviced sites for retail warehousing. The estate, with an area zoned also for industrial use, is connected to the main line railway and has its own private sidings. It is also served by its own modern concrete deep water jetty.

Another area highlighted by Mr Chaston for better than average growth in the industrial sector is Witham, on the A12. The market will be helped by the building of the Chelmsford by-pass to the south. His firm is at present marketing 65 units ranging from 195 sq ft to 2,000 sq ft.

Braintree District Council has already allocated 20 acres for an extension to the Eastways Industrial Estate in Witham and is boping to release e further 20 acres for industrial development at the southern end of the town.

"The emphasis will be on building up opportunities along the main investment corridors of the A120 and the A12," says Mr Roger Barratt, the council's deputy planning officer. With the aid of a derelict land grant, the council is reclaiming a 12-acre site, which will open up a further 60 acres of land leading down to the Braintree by-pass.

Partnership

The smaller site will be sold back to the previous owners who will then market and develop it. The larger site may be prepared in partnership with private developers.

Braintree, one of the few Essex councils to come out in favour of the Stansted development at the public inquiry, expects to benefit from the "indirect" employment opportunities created, and is receiving a growing number of enquiries from transport and haulage companies without wanting to set up distribution depots in the district.

However, the full impact of Stansted on the property market will not be apparent for another five years, says Mr Chaston. Present rents for industrial units in Braintree range from £1.50 to £2 per sq ft, while in Harlow, another area well-positioned to benefit from the airport development, rents can reach £3.75 per sq ft for units of 10,000 sq ft.

The area in and around Harwich has not seen the explosion in rents that people there expected, says Mr Chaston, with growth in the industrial property market more apparent at Felixstowe.

In the housing market, the impact of improvements in road and rail communications has been more evident, particularly to the west of the county. Mr John Gibson of Savills draws a line north south through Chelmsford. To the west of that line, people drive to work in very prosperous small industries.

Five houses have made £500,000 or more and he expects the £1m barrier to be hroken fairly soon. To the east, only three properties have made £300,000, with none fetching more than £400,000.

"The most significant change will be the Chelmsford by-pass. The purchasing power to the west of the town will spill over to the east and prices increase along the A12 corridor from Chelmsford to Colchester."

As in the industrial property sector, the Stansted development is likely to have a significant impact on housing supply and demand, though this bas yet to feed its way through.

Lower down the housing market, Mr Gibson has found less of a differential between prices east and west of the line. A three bedroomed cottage in Ongar, for example, recently fetched £120,000, wbereas in Witham, an equivalent town to the east, prices are around £80,000.

The greatest demand for new housing is along the M11 and the London to Cambridge railway line running almost parallel There are major proposals for housing developments between Harlow and the M11 and at Bishop's Stortford, Hertfordshire, near the Essex border, for instance.

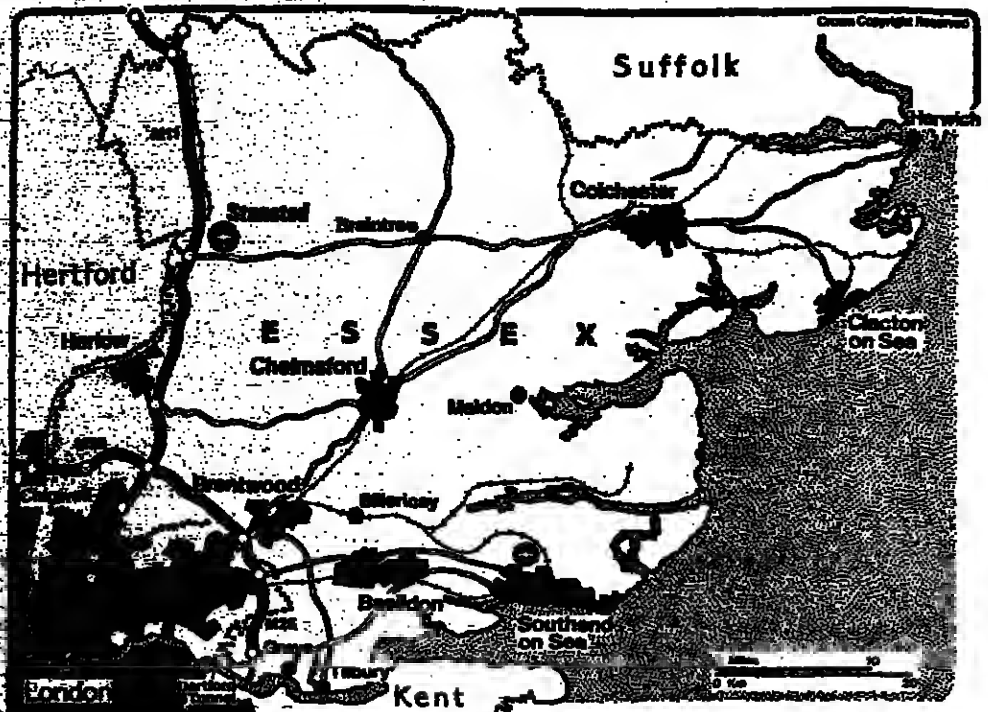
Meanwhile, back in Thurrock, a final decision is expected in the next two or three months on an outline planning application for a major housing development at Chafford Hundred. The proposal by Blue Circle Developments, RTZ and Whitehall Securities is for 5,000 new homea for 15,000 people, plus schools and shops set around disused chalkpits. These are to be landscaped as recreational ereas with the remains of the pit forming e giant lake.

On March 18, a public inquiry starts into another major bousing development, this time on Green Belt, five miles away at Tillingham Hall. Seen by many as a test case of Green Belt policy, the £450m Tillingham development might jeopardise the go-ahead for the Chafford Hundred scheme.

Housing demand is also growing along the A12 from London, with infill land between by passes and such towns as Witham along the A12 proving increasingly popular as sites for new housing.

However, the country house market is the sector of greatest demand and least supply, says Mr Gibson. The number of applicants for such properties on *Savill's register* has risen from 1,600 last year to over 2,000. A five-bedroom farm bouse with up to 10 acres to the east of Chelmsford will fetch between £150,000 and £250,000. "Above £150,000 the person buying is no longer a salary earner but is a profit earner. While profits are being made in Essex industry and in the City prices of more expensive houses will remain high."

City money is similarly helping to buoy up the agricultural land market. During 1985, values fell by between 15 and 30 per cent, mainly due to the uncertainty of future grain prices. Without City money, the situation might have been far worse. Those farms that fell least in value had a good residence and were situated close to the commuter belt, possibly with good quality land. "The best way to buy e good house is often buy a farm." says one agent.



Expansion brings job opportunities

Stansted

BARELY SIX months have passed since the Government's decision to develop Stansted as London's third airport, yet the effects of that decision are already being felt. Since the June announcement, British Airports Authority's personnel department reports being flooded with job inquiries, while planning applications have been lodged for housing developments in the western part of the county, and over the border in Hertfordshire.

Yet any suggestion that the area around the airport will eventually be faced with a massive influx of housing and industry seems largely unfounded.

It was a condition of the consent to expand the airport that any "airport related" industry should be sited on the airport. BAA increased its land holding from 366 ha to 957 ha to accommodate these activities. Government permission would be required to increase the annual flow of passengers from 15m to 25m, when extra land might be required. Although BAA has planning permission for 15m passengers per annum parliamentary approval will be required to go beyond 7-8mppa.

The existing terminal handles 0.5mppa. BAA expects traffic to build up to about 1mppa by 1990, by which time the new terminal building should be nearing completion, giving Stansted the capacity to handle 8mppa.

BAA has said that it is trying to avoid many of the mistakes made et Gatwick by, for example, screening off the car park and providing 18,500 long-term car parking spaces. Private operators will as a result not be tempted to set up car parking in the airport's vicinity, it is hoped.

The local Uttlesford District Council is doing its part to minimise disturbance. It is pressing for noise controls and for early definition of air routes to tell local people in the vicinity how much they are likely to be affected by flight paths and stacking lanes.

According to Mr Christopher Knight, Uttlesford's director of planning: "We have had plenty of inquiries about land for industry and housing and have made it clear that we will not be providing any eddititional land for such development."

It is opposing an application for 100 acres of gravel excavation et Stebbing, for example. It has also received more "reasonable" inquiries. Unigate Dairies, for instance, wants to know where there is likely to be residential expansion so that it can plan the relocation of its dairy. "These are the sort of spin off effects which we realise will have to come and which will have to be sited to everybody's advantage," says Mr Knight.

Opposition

However, he emphasises that any major application for residential expansion will be opposed at least until the forthcoming Essex structure plan has been finalised and confirmed, probably not until the end of next year.

Uttlesford will also oppose the expansion of Stansted beyond 15 mppa. According to Mr Knight, the Department of the Environment will publish in the next few months a "safeguard" area of land close to the airport. This would enable Stansted to expand from 15 mppa to 25 mppa. "But the land take at Stansted is already much greater per passenger than at either Gatwick or Heathrow. Any expansion beyond 15 mppa should go to a 5th terminal at Heathrow."

The initial phase of expansion at Stansted will create substantial job opportunities, with the airport's working population, scheduled to grow from 1,640 at present to 11,000 when Stansted is handling 7-8m passengers per annum. But BAA is quick to point out that most of the vacancies could be filled by the growing number of unemployed in towns as far south as Basildon which, with Essex's fast road links, are within easy commuting distance.

Development timetable

Road construction from the M11: planned to start spring, completion by end of 1986

Work on terminals area and areas for associated industries: starting early 1987, completion late 1990

Terminal buildings: expected to be operational by early 1991

BAA is working with local schools to prepare children for the sorts of vacancies that might arise, while Stansted has one of the largest Youth Training Schemes in the county. BAA sits on a tourism and travel advisory committee et Braintree College and some of the college's students will be given work experience at Stansted.

With many of the jobs expected to be filled from within the county, it is estimated that initially an additional 4,000 houses only will be required, *though this would double* should the airport grow to handle 15 mppa. Much of the additional housing could be spread around the towns within commuting distance of Stansted.

"The idea that there will be a major new town on Stansted'e doorstep is quite wrong," says Mr Richard Orrin, traffic and commercial manager at the airport.

There are, at present, three "Stansted related" housing planning applications being processed:

● Countryside Properties is seeking permission for a £150m development in Harlow to include 3,500 homes, shopping faciities, a health centre, school and public park. Harlow District Council supports the application in principal. Epping Forest, where 98 per cent of the development would take place, is thought likely to reject it at a meeting on March 4.

● An application for 5,000 houses to the north-west of Bishop's Stortford in East Herts District may be objected to on grounds of scale, but a 4,000 house expansion might be approved over time:

● A 150-house development at Newport in Uttlesford District, is also likely to be opposed.

Harlow and Braintree districts have been pinpointed by Essex County Council as preferred locations for any industrial and commercial development that might seek to benefit from being close to an international airport. The county emphasises, however that as much secondary industrial development as possible should be accommodated within the airport's perimeter.

According to Mr Brian Perkins of the county council: "Harlow and Braintree are the largest settlements relatively close to the airport and they are also *districts* which could do with an injection of industry to combat high levels of unemployment."

Harlow is 15 minutes drive time from Stansted, and Braintree 25 minutes along the A120. BAA is building a link road from Birchanger Roundabout on the A120 straight into the airport. The county council would like to see an extension of this road eastwards, running parallel with the A120 and rejoining it near Dunmow, to make Braintree more accessible.

The county council has also indicated the need for an additional 25 hectares in Braintree district for industrial/commercial development.

In Harlow, two areas of industrial land are vacant. The Commission for New Towns is marketing a 50-acre site to the west of the town as a business park. Another 42-acre site is scheduled for general industry.

BAA is optimistic that traffic using Stansted will grow. Mr Orrin says that the major growth in passenger traffic will be from the charter leisure market, and with land made available for transit sheds, cargo traffic is also expected to be a major element of the airport's business.

Air UK now operates scheduled services out of Stansted to parts of Europe; London Express is hoping to operate services to Singapore and Hong Kong, and The Peoples Express to New York; Highland Express plans to fly to New York and Toronto via Prestwick later this year. With good road and rail links into London, Mr Orrin expects Stansted to increase its popularity with incoming tourists.

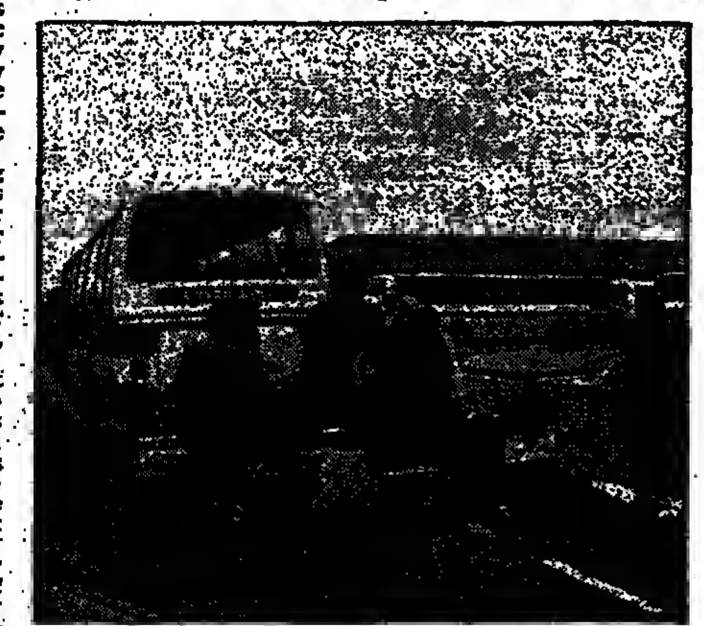
The smaller Southend Airport also expects to benefit from the Stansted development. It might, for example, attract traffic which Stansted, when fully developed, finds more of a nuisance than an asset, in particular short take off aircraft.

The operation of Southend Airport passed to British Airports International in March last year under a 10-year management agreement with Southend Borough Council. BAI, owned jointly by the British Airports Authority and International Aeradio, has embarked on a development plan to modernise facilities and enable the airport to capitalise on the potential for traffic growth. Last year the airport handled 196,000 passengers, an increase of more than 50 per cent on 1984.

Southend has benefited, in particular, from the EEC directive of 1983 deregulating services between member states. The Danish Maersk Air was the first airline to capitalise, beginning a scheduled service between Southend and Billund in Denmark in November 1984.

Investment plans include £665,000 on terminal redevelopment. Plans include the possibility of setting up a frequent shuttle bus service between the terminal building and Southend Victoria railway. Another proposal is the siting of a railway platform on the edge of the airfield.

Southend also plans to expand its freight facilities. Freight tonnage handled increased last year by 4.6 per cent over 1984.



Stansted Airport, soon to become London's third international airport

£100m improvements for Harwich

Ports and Communications

THE ESSEX ports of Harwich and Tilbury have a vital contribution to make to the county's prosperity, particularly as it seeks to increase trade with other EEC countries and attract inward investment.

Proximity to Harwich—and through the port to Holland—was one of the main reasons for Dutch subsidiary companies Philips Business Systems and DAF Trucks moving to Colchester.

Harwich, on the North Sea coast, is particularly adept at handling short sea freight and passenger traffic. Tilbury, lying some distance up the Thames estuary, has concentrated on deep sea container business and the handling of specialist bulk cargoes.

Good communications by road and rail are proving crucial to their development. Tilbury is a short drive from the M25 and the entrance to the Dartford Tunnel, and is close to the markets of London.

When the Chelmsford bypass is completed in August 1986, dual carriageways will link Harwich to the M25 and London, and to Ipswich, the Midlands and the North via the A45.

Harwich is served also by daily Freightliner trains from London and major industrial centres throughout the UK. Daily "company" trains carry containers of motor car parts destined for plants on the Continent. From Zeebrugge, there is a similar system of container trains providing connections with major industrial centres in Germany, Switzerland and Italy.

Both ports are now seeking to capitalise on these transport links. At Harwich Parkeston, Sealink has embarked on a major programme of capital investment. According to Mr Colin Crawford, Sealink's port manager: "Harwich is the company'e biggest port and is also the one with the greatest growth potential."

Investment is in two phases. £7.5m is being spent on improved Ro-Ro facilities in the existing port area, including quays, ramps and standage areas. Two new berths will each be capable of handling between 100,000 and 200,000 TEVs (20 ton equivalent units) each year. They will have far greater capacity than the two existing Ro-Ro berths.

These are assigned, at present mainly to passenger car ferries with a smaller element of freight, though they too are to be revamped. Harwich is the second biggest passenger port in the UK.

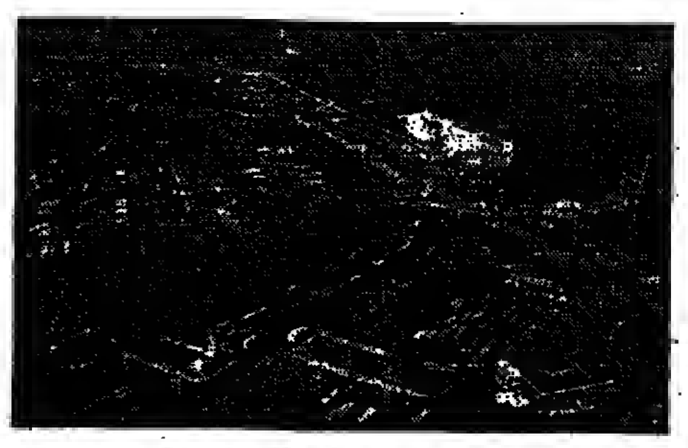
However, 115 ha of tidal mud flats recently reclaimed from the sea is to receive the lion's share of investment.

Essex County Council has already spent £2.3m on reclaiming Bathside Bay, 1.6 km at its widest point. The council saw the development as one way of providing a new link into the dock area in Harwich town itself. The peninsula on which Harwich is built is now completely developed while the heavy and ever-increasing traffic destined for the dock area across the bay from Parkestone Quay is forced through tha narrow streets of the old town and Dovercourt.

In top 100

The new road will also provide access to the deep sea terminals being planned for the bay area. Sealink expects to speod £100m on four cootainer/Ro-Ro berths, eventually capable of handlying a total of well over 1m containers per annum, and both short sea and deep sea vessels with a maximum 9 metre draught. The investment is to be phased over a number of years, depending on customer demand.

"We are already negotiating with about eight different container and Ro-Ro operators who might want to use the new facilities," says Mr Crawford. "There is a lot of interest, though none has yet expressed any firm commitment."



Harwich, where Sealink is improving the four container/Ro-Ro berths to lift the port well up the league of container ports

The development should lift Harwich well up the league of container ports. At present it just creeps into the world top hundred. Suffolk's Felixstowe, just across the Stour estuary, is the biggest container port in the UK, and 20th in the world.

Mr Crawford says that "much of the business of the two parts is complementary. There will be some areas where we will compete, hut there is e lot of husiness to be had, particularly in general traffic in Ro-Ro and containers, both short sea and deep sea. There has been a tremandous growth in this estuary, more than in the general run of the economy."

To help recoup its investment, Sealink will sell leasehold 70-90 acres of Bathside Bay for industrial development. It is promoting a Bill this parliamentary session to give the company full power to reclaim and develop tha whole bay.

Tilbury has no plans to increase the number of berths. The PLA hes invested £70m in specialist terminals et the port since the 1960s. "We are concentrating instead on a continued programme of npdating equipment," says Mr Geoffrey Ennals, secretary to the Port of London Anthority.

Last year, for example, the authority bought three more heavy duty tractor units at a cost of £120,000, partly to serve Tilbury's growing trade in deep sea Ro-Ro cargoes. It also took delivery of three fork lift trucks for £56,000 with sections designed especially for handling timber and plywood cargoes.

Since tha 1960s, the volume of freight handled hy Tilbury has increased from 1m tonnes to over 8m tonnes, and it is now the third largest container port in the UK after Dover end Felixstowe. It made a profit last year for tha first time of £600,000.

Some areas of its business have declined, however. In 1968, for example, 2m tonnes of grain were imported through the port's specialist terminals. Since the UK joined the EEC, that has fallen to 1m tonnes, though it is now handling 1.3m tonnes of grain exports.

New jetties were recently built to handle the growing export trade in UK grown grain. These were funded end are operated by Thamesgrain Elevators, a division of Mardorf Peach.

The recession in the timber and paper trade has also affected Tilbury, though it continues to be e major centre, last year handling 0.6m tonnes. The arrival last year of a Ro-Ro service for forest products from America and Canada provided some encouragement. The expected annual throughput of 120,000 tonnes will be split between Tilbury's three forest product terminals.

Other services to Tilbury inaugurated last year included:

● A deep sea container service between Northern Europe, South East Asia and China to use the dock's "common-user" container terminal. There are now three fully cellular sailings e month between Tilbury and China;

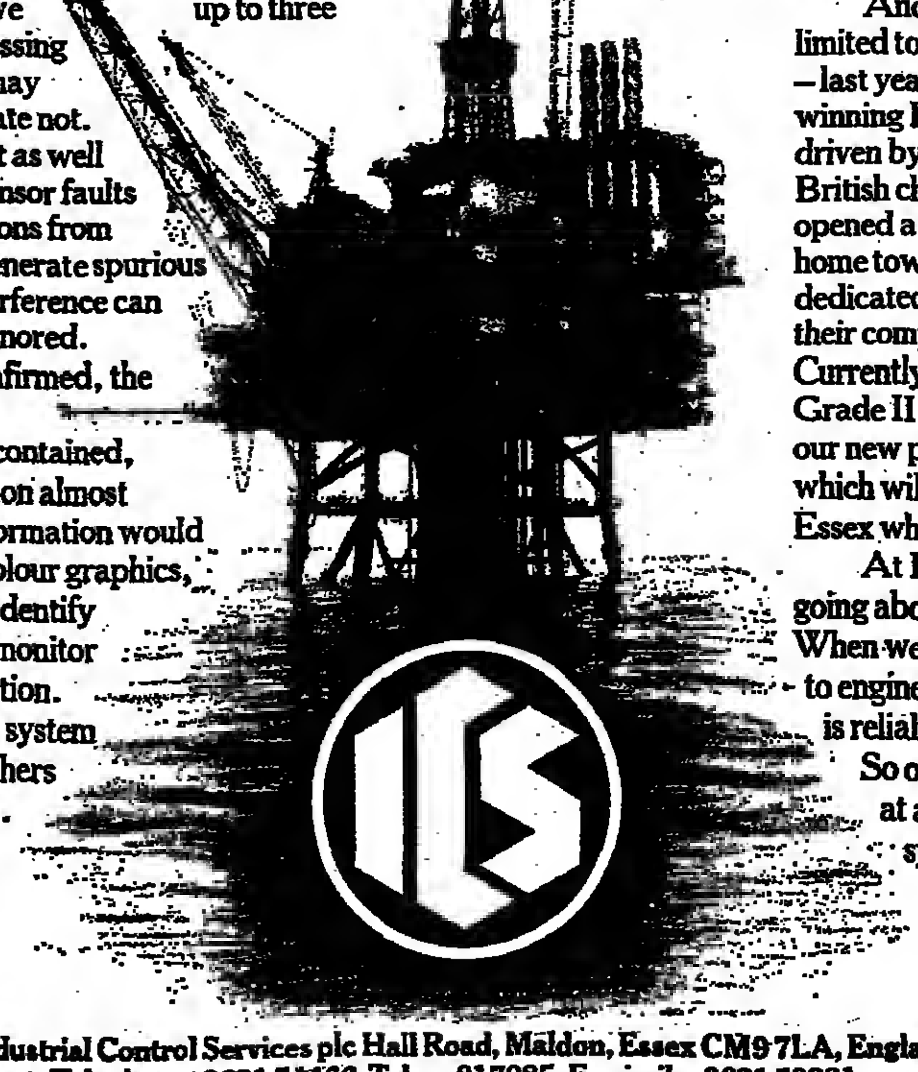
● A cross channel Ro-Ro freight service to Zeebrugge. Searoads Ferries expects to introduce e second vessel onto the route this month.

This is significant for Tilbury. Thirty miles from the mouth of the Thames, it was generally thought too far up river to benefit from short sea business. Searoads negotiated exclusive use of the PLA's riverside Ro-Ro terminal.

It also has a working agreement which, says a company director, "particularly accepts the needs of the automotive industry in the movement of vehicle parts. But we chose the Tilbury/Zeebrugge route mainly because of the direct link via the M25 to the national motorway network."

There is optimism also for the future of passenger traffic, with the PLA last year completing a £190,000 modernisation of Tilbury's riverside passenger terminal. On average, there are nearly 100 passenger ship calls a year at Tilbury. "The whole PLA modernisation programme is aimed at supporting the marketing efforts of cruise liner operators using London, and encourage them to make even greater use of the terminal in future," says Mr Ennals.

The authority has had enquiries also for the use of the landing stage both for commuter and tourist services aimed at linking the centre of London with Essex and Kent coastal towns, possibly by hydrofoil and hovercraft.



Strong base in electronics

Industry

FOR LONG one of London's poor relations, Essex has been helped by better communications to become established more firmly on the industrial map.

Over recent years as costs west of London have risen, manufacturing firms have been attracted by relatively low land prices and factory rentals and a workforce with a broad base of skills. At the same time, they are able to retain easy access to markets.

Manufacturing has remained more important to the economy of Essex than to that of most other counties in the south east, with over 25 per cent of the 530,000 workforce employed in industry or commerce. Engineering is particularly strong, with electrical and electronic engineering employing 20 per cent of those working in manufacturing industry, and mechanical engineering including motors 16 per cent.

Other industries well represented are paper, printing and publishing, food and drink, vehicles and chemicals. The county has a low proportion of the declining industries, such as metal manufacture, shipbuilding and textiles.

The county has had setbacks nevertheless. Both Harwich and Tilbury put in unsuccessful bids for freeport status, arguing that the absence of customs and various other charges would help to attract overseas companies, including the Japanese, to establish plants for the assembly of high-value products, such as circuit boards. Other ports in the south east, including Felixstowe, however, were similarly excluded.

The absence of regional incentives in the county has also tended to deter overseas investors from setting up in Essex, says Mr Colin Ridgewell, Essex County Council's employment promotion officer. The council is, however, having discussions with JETRO (the Japanese External Trade Organisation) to promote the county as a location for a European base.

£45m park

Companies moving to Essex will find a growing range of industrial sites. Large areas of land adjacent to the M25 are being developed for commercial and industrial estates and districts such as Basildon, now only five minutes from the UK motorway network are also benefiting. At Wickford, for example, an industrial estate is being expanded with a £45m business and community park which it is hoped will provide 4,000 new jobs in the next decade.

Further north, Braintree district has plans for major extensions of its industrial estates. Conveniently situated along the A12 and A120 between London and the east coast ports of Harwich, Felixstowe and Ipswich it is involved in partnership schemes with private industry for industrial development.

High specification industrial sites with the sort of landscaping, servicing and other facilities required by modern industry are generally in short supply, particularly in Chelmsford and Colchester. The revised county structure plan will be allocating more land for such sites, to encourage increased development, and so help attract companies that might otherwise go to the M4 corridor, for example.

The skills available in the county are broad, including in the 120,000 who regularly commute to London a reservoir of managerial experience.

With companies such as Marconi, STC and Ford based in the county, electronics expertise is high and some employees of these and other groups have left to establish their own small to medium sized high tech businesses. Ford, which is shedding workers in parts of its operation, is also seen as a potential source of skilled manpower.

Ford is still by far the biggest employer in Essex, with 25,462 employed at 16 sites throughout the county. The largest concentration is at Dagenham, where the Ford estate covers almost 1.7 sq miles. There are six plants employing over 18,000 people.

The factory, built in the 1930s to house a foundry, rolling mill, machine shop and engine assembly line as well as car, truck and tractor assembly lines, is now turned over entirely to engine production. The other plants on the estate include a body plant, assembly plant, a trim manufacturing area and a KD (knocked down) export packing plant.

The company has invested heavily at Dagenham in recent years. New metal stamping and body construction facilities for the Sierra range, introduced in 1982, meant the expenditure of £210m, while new equipment for the manufacture of the 1.6 diesel engine fitted to Escorts, Fiestas, Orions and Escort vans cost £220m.

In 1984 a new, fully automated paint system was brought into commission at a cost of £30m, while the company last year announced its intention to provide new facilities for the production of a "third generation" lean-burn petrol engine, at a cost of £157m. These engines, to be introduced in 1987, will be supplied to Ford assembly plants abroad.

Because of an increase in the demand for the Sierra, Dagenham recently hired an additional 350 operators, the first time since 1980 that the company has hired extra hourly paid employment at the plant.

One of the black spots on the Dagenham horizon was Ford's announcement in June last year that it is to give up making car wheels in Britain by the end of 1987, with a loss of 200 jobs.

However, the company reinforced its presence last year in Basildon, its second largest centre in Essex, the administrative headquarters of its truck operations, the sole European source of radiators for Ford and the single largest tractor manufacturing plant outside North America.

Tractors

It announced that it is to scale down its US tractor manufacturing operations and concentrate production of agricultural tractors at Basildon, with an additional investment of £5m, and a possible addition of 100 jobs.

It has also concentrated its European electrical and electronics operations at a purpose-built headquarters and engineering liason office in the town, with more than £1m spent on new test facilities.

Ford's other two Essex plants are at Warley and Dunton. This Easter, the company will commission a new £4.5m computer data centre at Warley, the administrative centre of Ford of Britain and Ford of Europe Inc, employing a total of 1,700.

Its research and engineering centre at Dunton employs over 2,000 staff, where it this month opened an extension to emission test facilities. However, Ford of Europe has told its research and development staff in Essex and West Germany that one-quarter of their jobs will have to go by 1990.

Shell has been rationalising its refinery operations on Canvey Island on the Thames since the 1970s. Then it employed 1,800 but it now has 650 staff, producing mainly petrol, gas, oils and diesel for transport and bitumen.

The reduction in workforce has been due mainly to a fall in demand, with volumes produced dropping from 10m tonnes to 4.5m tonnes last year. Another reason was the rationalisation of its tankerage and investment in new control rooms, as well as improvements to jetties.

It is, nevertheless, a major contributor to the local economy, with £2m worth of metalworking, welding, fabrication, heat exchanger work contracted out to local engineering companies each year.

David Bertram

Robots in use at the Ford assembly plant at Dagenham

Improved road communications have also encouraged more small to medium-sized high technology companies to set up in Essex. Selven Systems, now employing 24 in Witham, was formed six years ago by two former systems managers at Ford, "possibly the most common source of young resourceful professionals in Essex," says Mr Andrew Crane, one of the company's executives. They have now been joined by Marconi's company management services manager.

Selven's products include accounts packages, manufacturing software and shop floor data collection systems. "For the first five years, we concentrated our activities in Essex, London and the eastern Home Counties, mid-Essex having a large base of potential clients within one hour's travelling time."

Larger clients gained during that time included Essex-based Town and Country Building Society and Hambro Legal Protection. The company's success has enabled it to expand into the Midlands and the Thames Valley.

Improving communications, particularly with the City of London, have been a major factor in tempting companies in the financial sector out to Essex.

Southend-based Access, The Joint Credit Card Company, employs over 4,000 in the town, and recently decided to set up a second operations centre, in Basildon, to help handle future business growth.

JCCC, which provides credit card services for some of the major clearing banks, now has over 8m cardholders. The business generates over 1m sales and payment vouchers every day, and 43,000 telephone authorisation calls from retailers.

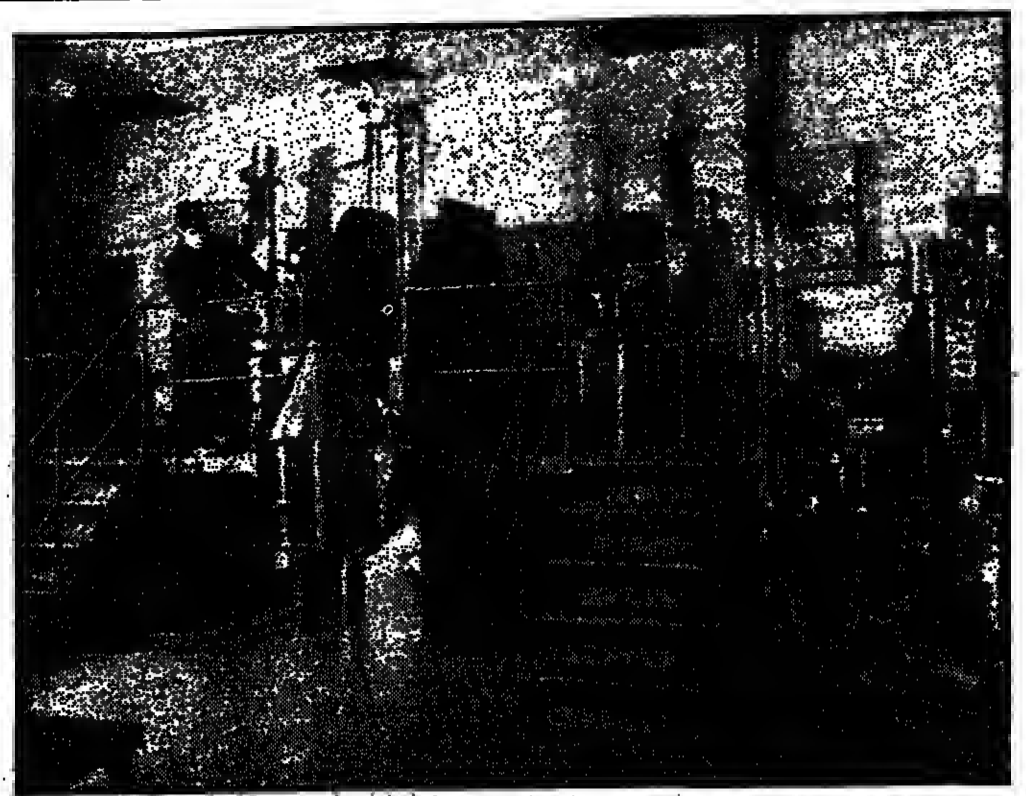
When the company was formed in 1972, several locations were considered, including Brighton and Milton Keynes. But only Southend's telephone exchange had the capacity to handle the demands of the Access operation. The town was close to London without high London rents, and had good road and rail links. The company also found a large reservoir of clerical staff.

According to Mr Michael Blackburn, Access chief executive, Basildon also met its criteria. "The former Ilford Films processing and administration building in the town provided us with suitable and readily available accommodation. Basildon is close to both Southend and London, with excellent road and rail links between all three points. It can also provide the telecommunications and postal facilities which are the cornerstone of Access business."

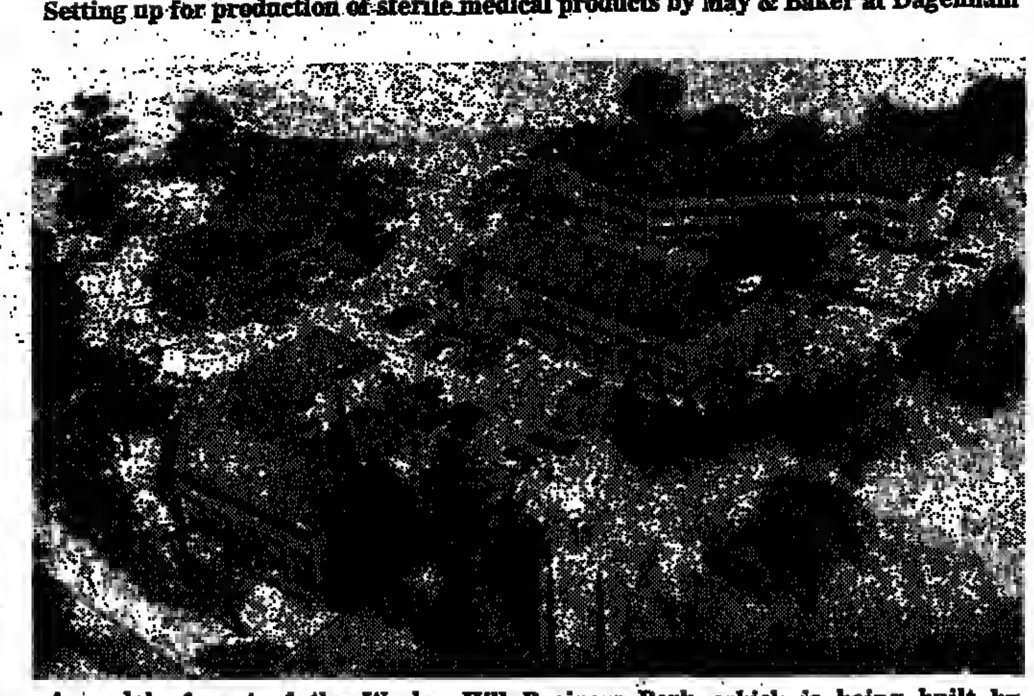
Availability of staff and good communications have also been a factor in attracting insurance companies to set up in Colchester. Royal London Mutual Insurance started moving out of London in 1972, moving all but its stock exchange investment department into a purpose built head office in 1982.

Two thirds of the staff of over 700 have been recruited locally. "The turnover of staff has been low and we've attracted school-leavers, married women and the qualified specialists," said Mr Michael Pickard, the company's chief general manager.

The company also planned to set up a data link between underwriters in its own London underwriting room and Colchester.



Setting up for production of sterile medical products by May & Baker at Dagenham



A model of part of the Warley Hill Business Park, which is being built by Countryside Properties

Uncertain future for arable farming

Agriculture

ESSEX'S FARMS, with their rolling wheat lands, are among the most profitable in the country. The cereal surplus in Europe, US proposals to subsidise grain exports and the shrinking world market are nevertheless prompting the country's farmers, as elsewhere, to ponder the future of arable farming.

Various avenues are being explored. One suggestion is to increase the use of land for public recreation, such as country parks and picnicking. Interest is also being expressed in various alternative crops, including lupins, to satisfy EEC demand for oil seeds. Research into the use of grain by industry for the production of starch, alcohol and ethanol, as a replacement for lead in petrol could open up other possibilities.

It is recognised that such developments are longterm. In the immediate future EEC farmers are stuck with the problem of over production. The UK produces an annual grain surplus of over 6m tonnes, with Essex farmers overproducing by 100,000 tonnes.

"However, it is a myth that the Common Agricultural Policy (CAP) is supporting farm incomes at profligate levels," says Mr Michael Murphy of the Agricultural Economics Unit at Cambridge University, and the author of the Report on Farming in the Eastern Counties. "Farmers are on a treadmill; rising costs of production and falling real farm gate prices leave them no better off."

For the harvest year of 1985, farmers' incomes in Essex will have halved, he estimates, having slowly declined in real terms over the past 15 years, though in North Essex in 1984 they increased by five per cent.

Restraint

Mr Murphy would like to see the EEC give more serious consideration to a "set aside" type programme, a statutory restraint on land under wheat cultivation. Such a programme should seek to reduce the 165,000 ha used for cereals in Essex by 25,000 ha, or 12 per cent.

"For the average Essex farmer, with his 126 ha, this would mean taking out 20 ha of cereals. He could possibly be given in the order of £200 per ha as compensation for net farm income lost.

"Provided it was administered fairly throughout the Community, such a programme would not be the end of the world for Essex farmers, and might help reduce the cost and difficulties of the present system of storage or exports," says Mr Murphy. "It would also prevent further unnecessary allocation of resources and capital into farming to produce goods which nobody wants."

According to Mr Philip Shaw, the National Farmers Union county secretary: "Our members have reluctantly accepted the idea of some form of supply management, regulated by a Community-wide licensing system.

"Another option might be to cut prices, but farmers tend to react by increasing production to offset the fall in prices. There would have to be a 20 per cent fall in price before it would have a real impact. Such a reduction would send a lot of farms out of business.

"The raising of quality standards would not have much of an impact in Essex because farmers here are already producing high quality grain, though it would help reduce the surplus in the UK as a whole."

Reluctance to accept any form of restraint is perhaps understandable for a county where arable farming has been the mainstay for many centuries. In the Napoleonic wars some 80,000 ha were drilled to wheat. Between 1976 and 1984, the area of land made over to winter wheat cropping rose from 100,000 ha to 124,000 ha, and now occupies 45 per cent of the total area.

Essex farmers themselves roughly divide the county into two, north and south of the A12. Those living in the south speak of the north as being "the Land of Goshen," where the boulder clays and chalks, combined with the low rainfall make it ideal for cereal growing. Fifty per cent of the total Essex land area is Grade 1, 2 or 3A, producing the highest average wheat yields in the UK. The average yield per hectare of wheat in Essex is 7.5 tonnes, while the national average is just over 6 tonnes.

Conversely, the county is not well suited to the growing of grass. The lower summer rainfall restricts growth and this can only be overcome by irrigation. With the increasing profitability of cereals and oil seed rape, this has encouraged the swing away from grass and livestock.

Whereas before the war, for example, there were over 1,000 dairy farmers, there are now some 130 dairy herds left in the county. Only one farmer is totally committed to dairying.

There has been much investment in machinery and buildings for wheat production, while the 3,600 holdings in the county are now generally larger than elsewhere in the country, and this tends to increase their productivity still further. The increase in size has been due partly to investments by financial institutions, and pension funds in particular, and partly to farmers buying neighbouring farms when they come up for sale, without having to contemplate any further major investment in plant or machinery.

The increased size of Essex farms is reflected in the ratio of farmers to farmworkers. There are now 2,500 full-time farmers in the county, less than half the number before the war. Eighty per cent are owner occupiers, almost a reversal of the pre-war situation. There are just over 6,000 farmworkers, giving a ratio of 1:2.5, compared with a national average of 1:1.

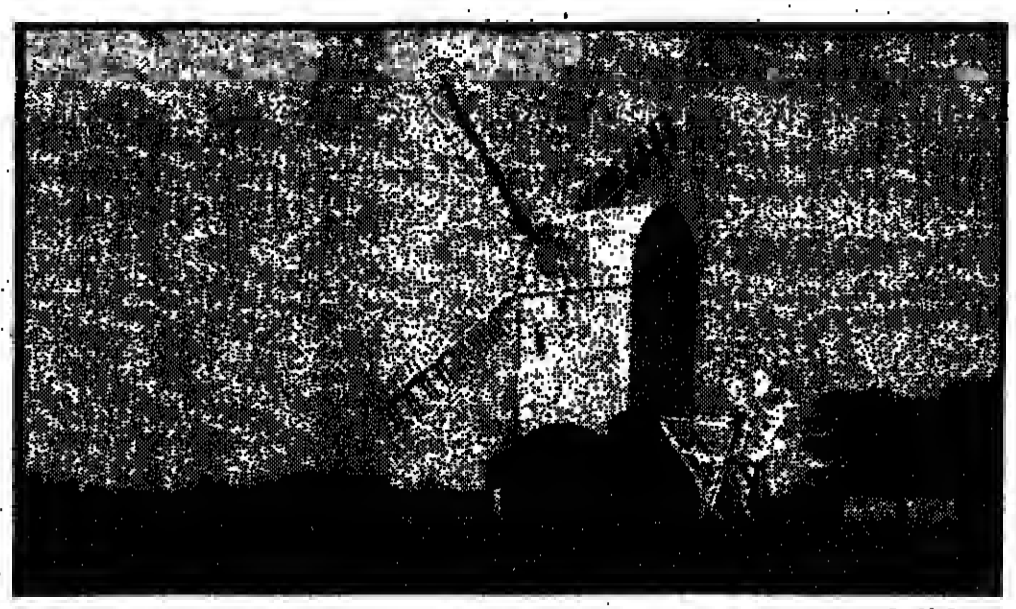
"An Essex farmer tends to be more of a businessman than elsewhere in the country because agriculture is more highly developed and, historically, because of the county's proximity to London," says Mr Clive Whitworth, the Ministry of Agriculture, Food and Fisheries' divisional surveyor.

Essex's proximity to a large urban population, with the increasing popularity of "pick-your-own," has also promoted the growth in soft fruit crops, with 760 ha under cultivation for strawberries, blackcurrents, raspberries and gooseberries. Only Kent, of the eastern counties, has a greater area under soft fruit cultivation.

Essex also has a substantial area under glass, with 189 ha of glasshouse crops, 7 ha more than Humberside and almost 20 more than West Sussex, the counties with large areas devoted to glasshouse cultivation. Tomatoes and cucumbers have traditionally been the main crop, with one-third of the country's cucumbers grown in the Lea Valley. Of increasing importance recently have been flowers and bedding plants, again consistent with the county's proximity to London.

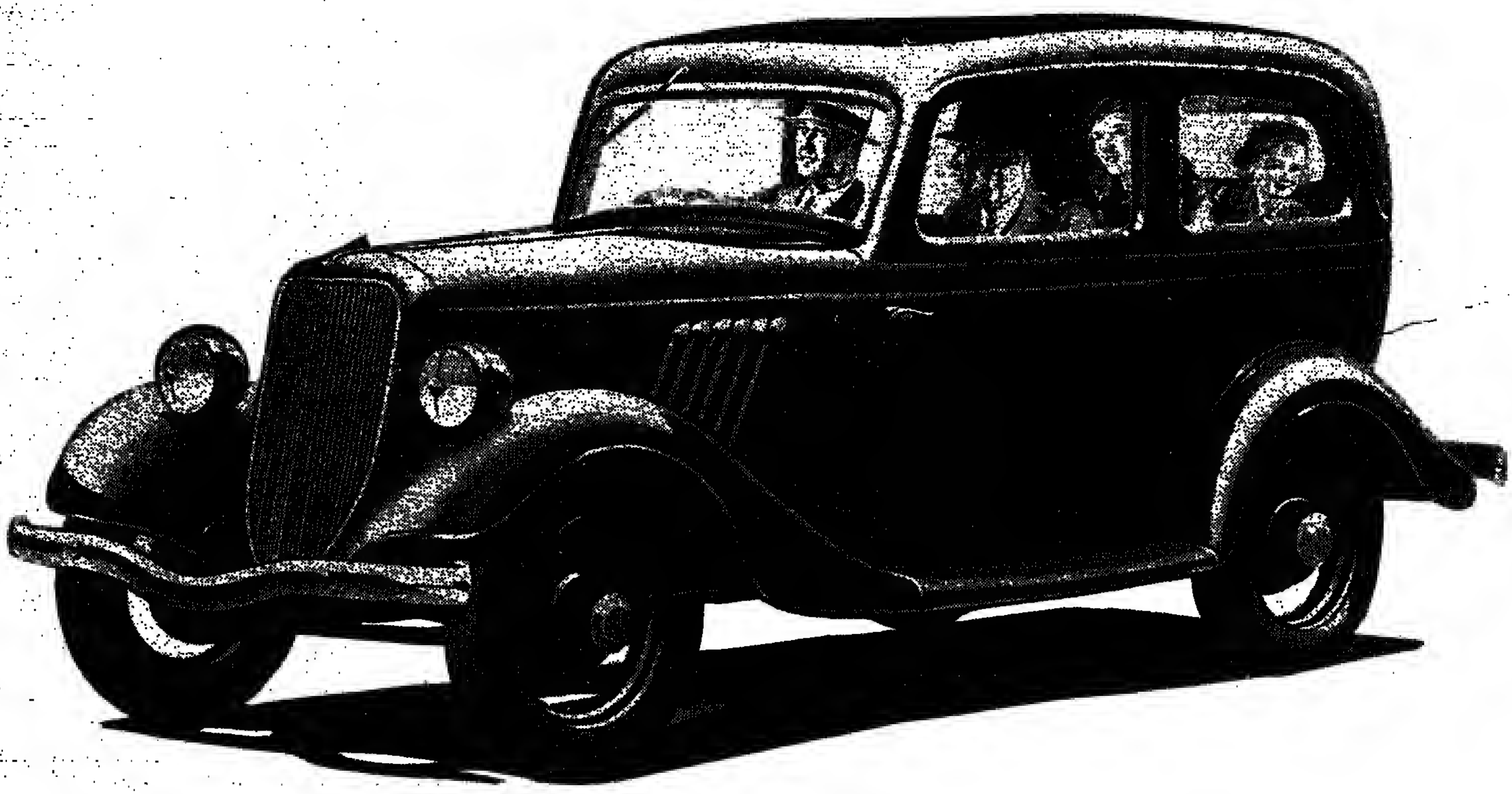
That closeness is now bringing substantial pressure on land for development, says Mr Whitworth. At Chafford Hundred, near Basildon, there is a proposal for 27 ha of housing, though only a small proportion of that is agricultural land, the remainder being worked out chalk pits.

Essex County Council, along with MAFF and the NFU will be among the objectors at a public inquiry on March 18 into proposals for ,100 dwellings on 308 acres of Grade 3 land at Tillingham Hall. The ministry is also objecting to development proposals for 400 acres of principally agricultural land at Harlow, which, says Mr Whitworth is likely to be good quality land.



David Bertram

Windmill at Aythorpe Roding amid typical Essex farmland



MADE IN ESSEX.

In 1924 Ford bought 294 acres of land at Dagenham for £150,000 and a brand new factory began operations in October, 1931.

It was during the depths of the great depression – not a propitious time to start mass production of motor cars.

In fact, Ford sold only five vehicles in the first three months.

Happily though, by 1935 the Dagenham factory was humming away producing the first (and only) £100 saloon car. The Popular, a version of the 8hp Model Y.

During the war Dagenham built 360,000 fighting vehicles, from mobile canteens to Bren Gun carriers. It also gave tremendous support to British agriculture by producing 95% of all the wartime tractors made in Britain.

In the years that followed many famous family cars came off the Dagenham production line. Cars like the V8 Pilot, the Anglia, the legendary Cortina, Zephyrs and Zodiacs, the Fiesta and the Sierra.

As for Ford's tractor operation, this is now in Basildon and has become the biggest Ford tractor production centre in the world – exporting 80% of its output.

But few people are aware of the investment behind Ford's leadership in the UK market.

Since 1979 Ford of Britain has invested over £1,600m in manufacturing in the UK. And around £600m of this has gone into Dagenham.

About another £370m a year is being spent on product development in Essex.

So it's not surprising that in 1985 alone Dagenham produced over 370,000 engines and almost 170,000 cars – something Essex can be proud of.

Just as Ford is proud to have made a major contribution to the county's prosperity.

Ford

THE PROPERTY MARKET BY MICHAEL CASSELL

Trouble brews over Bentalls store plan

PLANS BY Norwich Union and Bentalls, the department store group, for a £110m redevelopment on the site of the retailer's Kingston upon Thames site are set to bring to a head a smouldering row between the board and a block of Bentall family shareholders.

The redevelopment deal, which will provide around 600,000 sq ft of retailing space on the Kingston site, was announced last week. With around 57 per cent of the quoted store group's share capital held, mainly through trusts, by family interests, approval for the plan at the required extraordinary general meeting appeared to be a foregone conclusion.

But now a group of shareholders, who are locked in as beneficiaries of family trusts and who have become increasingly unhappy with the low returns on their investment, are considering attempting to frustrate the project in order to force action on their long-standing dissatisfaction with the group's performance.

The Grainger family interests, representing four brothers and nine children, have already, via solicitors, written to the trustees of the principal trust, voicing their complaints. Mr Christopher Grainger says he is gathering further support from other trust beneficiaries, many of whom are shareholders in their own right. He believes, along with three other brothers and their nine children, it might be possible to gather enough shareholder support to wipe out the inbuilt majority on which the board is counting.

"We have had to live with a yield of 2 per cent, which is a very low return compared with the paper value of our investment. We want a higher income and improved security for our capital. The redevelopment basically represents a prolongation of the status quo, even if there is the prospect of higher income several years down the line.

"The latest deal may be good for the board but it does very little for the family. We do not necessarily believe it is in the best interests of Bentalls for family control to be maintained and were hoping that a takeover would be accepted as the best way ahead."

Mr Edward Bentall, chairman and managing director of Bentalls, said he was aware of the complaints of a proportion of family shareholders but they were a minority. The redevelopment plan would play a major role in boosting the group's income and profitability. He was confident that the proposals would go ahead.

Sun Life sells to Speyhawk

SUN LIFE of Canada is selling the lease on its London headquarters, close to Trafalgar Square, to Speyhawk for over £10m.

Sun Life will move out to new headquarters in Basingstoke in 1987 and Speyhawk is planning a 90,000 sq ft net refurbishment of the property, at 2-4 Cockspur Street. An early planning application is expected. Jones Lang Wootton acted for Sun Life. Sinclair Goldsmith advised Speyhawk.

● Ravenside Investments, part of Land Securities, has made further retail warehouse investments, totalling £9m. The company has acquired the Texas Homecare outlet in London's Edgware Road and leased it back at £6.25 a sq ft, while in Bolton it has purchased the W. H. Smith Do It All store in Manchester Road and leased it back at £4 a sq ft. Ravenside has also bought an MFI and W. H. Smith complex in Cheetham Hill, Manchester, and has let at £4 a sq ft the recently completed, 24,000 sq ft Texas DIY store in St Mary's Road, Sheffield.

● Burton Property Trust has sold a five-unit shopping scheme in Kidderminster to Pensman Nominees for around £5m rents total £238,000 a year. Edward Erdman acted for BPT and Debenham Tewson and Chinnocks advised Pensman.

Multiple ownership gets closer

THE prospect of a "property stock market," trading units in individual buildings, came a step closer this week with the publication of the long-awaited blueprint designed by a working party set up by John Barkshire, chairman of Mercantile House.

The report homes in on the creation of a Unitised Property Market and emphasises that, providing legal formalities are met, it offers a way of making *multiple property ownership* more tax efficient. The working party also suggests that units should be priced on the basis of supply and demand, instead of being sold and repurchased by a *management company* on an underlying asset valuation basis.

All sorts of alternative unitisation methods have been mooted and this week's report takes a sideswipe at most of them. The Berkshire team touches, unkindly, on a couple of less familiar proposals conceived by the likes of American bankers or City solicitors:

● Participating mortgages — "used in the United States but not necessarily appropriate for the general public."

● Multiple leaseholds — "a hierarchy of leases; value is usually lost in the splitting of income."

Whichever route is favoured, there is no doubt that surveyors and other property oriented groups have been spending a great deal of time on examining the challenge of multiple ownership. The genre has grown in credibility since the Royal Institution of Chartered Surveyors' own working party on unitisation published its consultative document last year.

Many people then thought that unitisation was a preconceived solution. Mike Boggis, of Allied Dunbar Property Funds, a member of the RICS working party, says it was not. He had been considering the alternatives since 1982.

"In partnership with the Prudential of the US, we were in 1982 invited with others to participate in the $400m syndication of 50 per cent of the Rockefeller Centre. The deal did not go through but it led me into thinking about what a small share in a big building could be worth." The Rockefeller complex has since formed the centrepiece for perhaps the most spectacular piece of real estate unitisation seen anywhere in the world.

A year ago, unitisation was being seen as the way to fund City of London office blocks designed to accommodate "big bang" participants and their high-tech support systems. This year, the formula is also being linked with the regional or "supra-regional" shopping centres planned for motorway locations around the country.

Institutions, the theory goes, will jib at putting £20m into a single development but will happily put £5m each in four. Smaller funds will have some choice, rather than none.

Robin Broadhurst, a team member and City investment partner with Jones Lang Wootton, may well get the discussion going with this week's remark that there is no proposal for annual valuations of the single properties which are to be unitised.

There is intellectual courage in this. Standard property valuations have been under fire because they are so infrequently seen to be tested in the market. Broadhurst says that single property units will be valued at the price at which they are traded — the trading operation supported by a detailed annual report to unitholders and, more than likely, any number of estimates from stockbrokers' analysts.

Tim Simons, from Savills, says that discussions with the British Property Federation, the RICS and the Department of Trade and Industry had given room for encouragement and supported the view that the working party report was along the right lines.

Peter Green, of the Prudential, commented: "If we were doing a £150m to £200m building in the City we would be delighted to hold 20 per cent of the units. If we were going to put £10m a year into inner city regeneration, we would rather spread it over a number of projects." Comments like these seem certain to ensure that a system of unitisation is on its way. Its precise form and just how popular it becomes, only time will tell.

WILLIAM COCHRANE

WICO backs new US investment vehicle

WICO, Galloway & Pearson, the City of London stockbrokers, are offering for sale, by private placing, up to 5m units of $10 each in American Realty Venture, a new venture capital property trading vehicle.

ARVCo has been set up to take advantage of what its backers see as special opportunities for establishing a property foothold on the west coast of the US, where most of its activities will be concentrated. Proposed directors of the company are Thomas Wilson, chairman and senior partner of St Quintin, the estate agents, and Alan Carter, an analyst at WICO.

The new vehicle says its potential lies in exploiting some of the weaknesses now apparent in the west coast real estate sector, namely an oversupply in the office sector, tax changes which threaten the all-powerful syndicators and the fact that many investments are financed by short-term debt.

The team says that US property in future will no longer be the domain of tax specialists but of property investors and advisers; that the non-prime investment market is very much in favour of the buyer and that US pension funds are increasingly hungry for prime real estate.

ARVCo, through its US vehicle Pacific Property Fund 1, intends to buy non-prime, improve it to prime status and sell it on to US institutions for a juicy profit.

The advisers include Donald R. Holcher, a partner in Rosenburg Real Estate Equity Funds, one of the largest US pension fund real estate investment advisers, and David Sherwood, a former St Quintin and Barclays man and now an independent real estate investment consultant. They all say a "value gap" has appeared between institutional and non-institutional US property, which they first spotted early last year.

So why do the US institutions not develop their own product. "They have to consider the ERISA (Employees Retirement Investment Securities Act) legislation," said Mr Holcher this week, "under which, if they make high-risk decisions, trustees and pension fund administrators can be held personally responsible for the results."

The fund will be going after the top 200 US pension funds with west coast and western locations like Seattle, the Californian major cities, Denver and Phoenix. "We're not looking to go into Denver to buy a $70m skyscraper in need of tenants,"

"For $15m," he adds, "you can get a good-sized community shopping centre (100,000 to 250,000 sq ft), a garden office building of 60,000 to 100,000 or a good scale modern industrial development."

Company Notices

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS

RYOBI LIMITED

[illegible]

Depositary:
The Bank of Tokyo Trust Company
London
7th March, 1986.

Agent:
The Bank of Tokyo (Luxembourg) S.A.
Luxembourg

IBA Investments

Offices To Let

Offices

International Property

Regional Property

Company Notices

C. ITOH AND CO., LTD.

IMPORTANT NOTICE

Hambros Bank Limited ("Hambros") have been advised by C. Itoh and Co. Ltd. ("The Company") that the Board of Directors, at a meeting held on 14th February 1986, have resolved to issue new shares to shareholders.

Particulars of the issue are as follows:—

1 As of 20th May 1986, the Company will make a free distribution of new shares out of a certain portion of the amount of the stated capital, such amount being an excess amount over the total par value, pursuant to the provisions of article 293-3-2 of the commercial code of Japan. The amount of such portion to be arrived at by multiplying 50 Yen by the number of new shares to be issued.

2 The new shares will be allotted to shareholders on record as of 31st March 1986, at the rate of 1 new share for every 10 shares owned as of that date. Fractional shares will be sold en bloc and the proceeds distributed to the shareholders entitled thereto.

All other necessary matters concerning the proposed issue will be determined by the Board of Directors of the Company.

Holders of Bearer Depositary Receipts (BDR's) issued by Hambros will be informed in due course of the procedure to be followed to obtain their new certificates (and any cash due to fractional entitlements), with respect to this issue.

HAMBROS BANK LIMITED

7th March, 1986

Company Notices

THE ROYAL BANK OF CANADA
US$350,000,000
Floating Rate Debentures due 2005

In accordance with the terms and conditions of the Debentures, the interest rate for the period March 10th 1986 to April 10th 1986 has been fixed at 7⅞ per cent per annum. On April 10th 1986 interest of US$6.781250 per US$1,000 nominal amount of the Debentures will be due for payment. The rate of interest for the period commencing April 10th 1986 will be determined on April 8th 1986.

Orion Royal Bank Limited
Agent Bank and
Principal Paying Agent

SOFTE
Société Financière pour les Télécommunications et l'Electronique S.A.

8½% 1979/1989 UA 40,000,000

On February 20, 1986 Bonds for the amount of UA 6,429,000 have been drawn for redemption in the presence of a Notary Public.

The Bonds will be redeemable coupon No. 8 and following attached on and after April 10, 1986.

The drawn Bonds are those, NOT YET PREVIOUSLY REDEEMED, included in the ranges beginning: at 001 up to 7714 incl. and at 29759 up to 40000 incl.

KREDIETBANK S.A. Luxembourgeoise

March 6, 1986.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRS) IN MAKITA ELECTRIC WORKS, LTD.

CITIBANK, N.A., London, Depositary

March 7, 1986

Legal Notices

IN THE MATTER OF MAYA COSMETICS LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

IN THE MATTER OF SEKUTON LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1985

No. 00283 of 1986
IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION
IN THE MATTER OF HAT GROUP PLC
AND IN THE MATTER OF THE COMPANIES ACT 1985

Public Notices

SCOTTISH EQUITABLE LIFE ASSURANCE SOCIETY

FT COMMERCIAL LAW REPORTS

GCHQ compensation for lost employment rights is subject to tax

HAMBLETT V GODFREY (HM INSPECTOR OF TAXES)
Chancery Division: Mr Justice Knox: March 3 1986

A LUMP sum paid to Civil Service employees, in recognition of their loss of the right to join a trade union or to resort to an industrial tribunal, is subject to tax as an "emolument" from their employment.

Mr Justice Knox so held when dismissing an appeal by Miss J. W. Hamblett from a decision of General Commissioners that £1,000 paid to her by her employers, Government Communications Headquarters (CGHQ) for loss of employment rights was assessable to income tax.

Section 181(1) of the Income and Corporation Taxes Act 1970 provides by Schedule E: "1. Tax under this schedule shall be charged in respect of any office or employment on emoluments therefrom. . . ."

Section 183 (1): ". . . 'emoluments' shall include all salaries, fees wages, perquisites and profits whatsoever."

* * *

HIS LORDSHIP said that before December 1983 Miss Hamblett's rights as a GCHQ member of staff included the right to join a trade union and to apply to an industrial tribunal under the employment protection legislation.

Miss Hamblett had not belonged to a trade union since 1972. She was, however, permitted and encouraged to do so.

In December 1983 the Prime Minister, as Minister for the Civil Service, gave a direction under article 4 of the Civil Service Order in Council 1982 that conditions of service at GCHQ should in future exclude membership of a trade union other than a departmental staff association.

Also the Secretary of State for Foreign Affairs issued certificates under section 121(4) of the Employment Protection Act 1975 and section 138 (11) of the Employment Protection (Consolidation) 1978, which had the effect of removing the rights of GCHQ staff under the two Acts.

After those steps the staff at GCHQ including Miss Hamblett, lost their right to belong to trade unions or to resort to industrial tribunals, and other forms of statutory protection.

On January 25 each staff member received from the GCHQ Director a document stating that "in recognition of the withdrawal . . . of the statutory rights . . . a special *ex gratia* payment of £1,000 (subject to tax)" would be made to all staff remaining with the department.

It was accompanied by an option document. By option A an employee undertook not to join a trade union. By option B he stated that he did not wish to remain with GCHQ, but would like a transfer. Miss Hamblett accepted option A.

By a letter of February 21 the Director explained to all staff that the £1,000 was not intended as a bribe, but represented "a genuine recognition that . . . staff will lose certain statutory rights."

Miss Hamblett received the £1,000 in her monthly pay cheque for March 1984. It was described as a "special payment" on the assumption that it was subject to tax.

The question was whether that assumption was correct. The fact that the payment was stated as being subject to tax did not affect the matter.

The Crown's claim was made in two mutually exclusive ways—that the £1,000 was chargeable under section 181(1) of the Income and Corporation Taxes Act 1970 as an "emolument" from Miss Hamblett's employment; or that it was a "benefit" by reason of her employment so that under section 61 of the Finance Act 1976 its "cash equivalent" was to be treated as an emolument.

The Special Commissioners found in favour of Miss Hamblett on the first claim and against her on the second.

Their factual finding was that the £1,000 was not paid in return for services. Their conclusion of law was that that finding prevented the payment from being an emolument.

There was a great weight of authority on the meaning of "emoluments therefrom" in section 181(1). The fundamental principle was that each case was to be tested against the provisions of the Act and the authorities did no more than illuminate those provisions.

The finding of fact that the £1,000 was not paid in return for services was accepted. But the conclusion of law that the finding was necessarily determinant was not accepted.

The Special Commissioners' view was that an "emolument" for the purposes of section 181 was "essentially a payment made by way of remuneration in return for performance of the duties of an officer and for no other purpose."

That could be put negatively — if a payment was not remuneration it was not an emolument.

That conclusion was unacceptable for a variety of reasons: (1) It was inconsistent with authority (see *Laidler v Perry 42 TC 35*); (2) the expanded definition in section 183(1) seemed to indicate something wider than remuneration was intended —"perquisites and profits whatsoever" seemed to go much wider; (3) "emoluments therefrom" indicated that the employment must be the source of the emolument, capable of casting a wider net than remuneration.

The test of remuneration as necessarily determinant was rejected.

There remained the question whether the payment should be regarded as obtained from the employment.

The factor against such a conclusion was that the Special Commissioners found the purpose of the payment was solely to recognise withdrawal of statutory rights, and that it was not in return for services. Recognition of rights when it took the form of lump sum payment was compensatory.

Mr Methew, for Miss Hamblett, argued that the rights lost were personal. He compared them with a right to vote in the elections or to write to the newspapers.

That analogy was false. The right to join a trade union was intimately bound up with, and necessarily part and parcel of, a particular employment. Also, rights under the employment protection legislation were bound up with the relationship of employer and employee.

The submission was therefore rejected.

Mr Mathew also relied on the factor that there was no obligation on Miss Hamblett to continue in GCHQ employment. He said it was a unilateral payment without terms.

That was an oversimplification. There was a requirement that Miss Hamblett's service should continue until April 2 1984. Also there was a requirement that probationary staff should complete their probation before receiving payment—which was of some relevance to an analysis of the nature of the offer.

Mr Mathew relied on the fact that the transaction did not amount to an agreed variation of the terms of employment.

In so far as that submission was based on the unilateral nature of the transaction, it was justified. On the other hand, the payment did reflect the fact that continued service by Miss Hamblett would be on terms different from and less advantageous than before.

On the other side, the factors in favour of the conclusion that the £1,000 was received from Miss Hamblett's employment were: (1) the offer was made to all GCHQ staff and was in no degree personal to her as opposed to other employees; (2) the rights in respect of which payment was made were part and parcel of the employer/employee relationship; (3) payment was received only by employees who chose to continue in employment at GCHQ with the reduced rights.

Weighing the factors on each side, the payment should be described as being from the employment. It was therefore an emolument and assessable accordingly. The claim under section 61 of the 1976 Act did not arise.

The appeal was dismissed.

For Miss Hamblett: Robin Mathew (Lane and Co., Cheltenham).

For the Crown: Alan Moses (Inland Revenue Solicitor).

By Rachel Davies
Barrister

THESE REPORTS, together with full texts of judgments, are published in monthly volumes. For subscription details contact Kluwer Law Publishing, Africa House, 68 Kingsway, London WC2B 6BD. Phone 01-831 0391.

Maurice Samuelson on an £8m alternative energy project that has run into trouble

Oil from tyres plant hits large scale problems

THE HECTIC quest for cheap, unconventionsl sources of energy has left s trsil of disappointments as well as schievements.

The disappointments now sppear to include the world's first commercial scale plant for making oil from old tyres by pyrolysis, the process of breaking down s material into its componant parts by beating it in the absence of air (described elsewbere on this page). It was a product not only of tbe oil crises of the 1970s but of the widespread interest in raw materials recovery launched in the previous decade.

Opened only two years ago st Walsall, near Wolverhampton, tha £8m plant has not operated continuously and seems to have little immediate prospect of doing so.

Meanwhile, Tyrolysis, the company formed to run it, has begnn legal action sgainst the plant's constructors, Foster Wheeler Power Prodncts, a UK-based subsidiary of the US Foster Wheeler engineering group, which is slso among the 20 or so shsreholders in Tyrolysis.

Foster Wheeler has yet to reply in detail, but says the action will he "vigorously" defended.

Judging by some of the company's complaints, Tyrolysis offers s classic example of the hazards of scaling up an apparently successful pilot scheme to the commercial scale. Says one Tyrolysis director: "It's the plant that does not work — not tha process."

Originally due to hsve been on stream in 1984, Tyrolysis would have treated 50,000 tonnes of scrap tyres a year, producing 20,000 tonnes of light fuel oil, 17,500 tonnes of carbonaceous solid fuel and 7,000 tonnes of steel scrap.

Although tbe plant has produced some oil by pyrolysis in temperatures of more than 500 deg C continuous operation has been prevented by its failure, despite 10 trials, to ensure the smooth flow of all the other associated materials through its complicated handling phases.

Tyrolysis says the contractors have carried out no work since last October. All hut 14 of the 50 employees bave been laid off. To cut its losses the plant is still shredding tyres, hut sells them ss solid fuel to the cement and cbemical industries.

Tyrolysis's complsints include criticism of the plant's "quench" system for condensing vapourised ruhber into oil and its magnetic system of extracting the metal scrap from tbe other residue. It alleges that the "char" is still burning wben it lesves the reactor end therefore causes unacceptable levels of pollution.

The plsnt wss also intended to recycle some of the combustible gss produced during pyrolysis, thus drastically cutting its energy bill. But as it sllegedly never worked at much more than 30 per cent of its rated capacity, insufficient gas built up at tha head of the reactor and the operators had to heat it up with fuel oil.

The biggest difficulty, though, lay in the separation and removel of the heavy carbonsceous "cbar" and steel left behind after tbe distillstion of the oil in the resctor. The "char" was to have been sold to power stations as a substitute for coal. The steel would have been sold as scrap.

Right from the outset, it was recognised thst the handling of these heavier materials rather than the "pyrolysing" of the tyres would present the main technological challenge. This area was dealt with intensively hy the Department of Industry's Warren Spring Laboratory, Hertfordshire, whose pioneering technology led to the Tyrolysis company being formed.

A document prepared by Foster Wheeler Power Products explained that the commercial plant was to have consisted of three main stages:—

● The incoming tyres are fed into a knife mill and, after screening, the sliced pieces are fed into the top of the reactor through a series of valves.

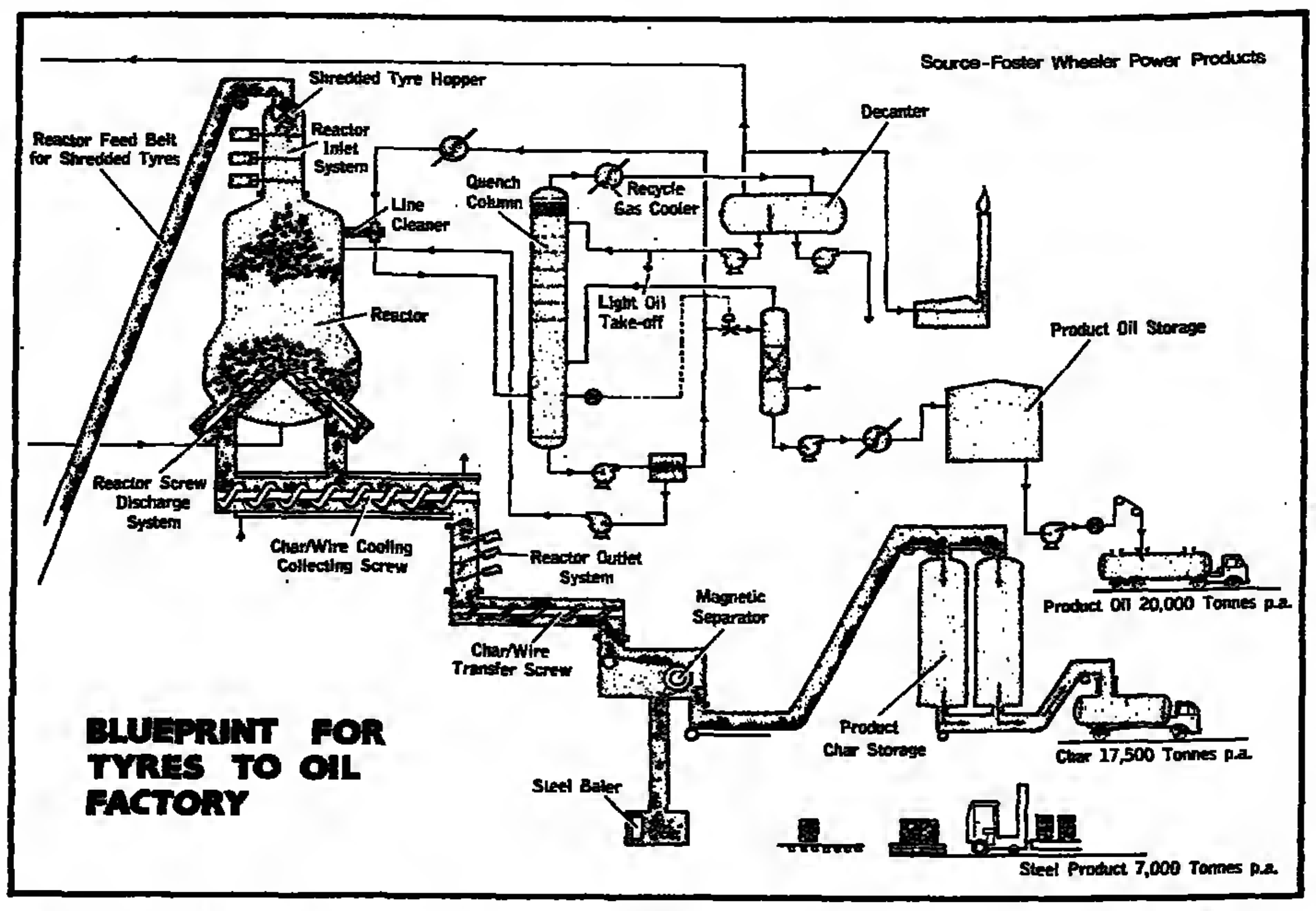
● After passing through valves into the pressurised reactor, the raw material would be heated by hot oxygen free gases which cause pyrolysis to occur.

The solids, consisting of a friable carbonaceous char and lengths of steel wire, would be removed from the reactor hed hy large inclined screws. The solids then pssed through mora screws, during which the char was cooled to prevent it from catching fire. The solids then passed through a final series of valves before returning to atmospheric pressure.

● On leaving the reactor the solids would fall through crusher rollers and enter the magnetie separation system. The hot char would be cooled once more before being conveyed to large silos by hucket elevators.

The plant, said Foster Wheeler, could tolerate "foreign materials" such as wheel rims and hammer hesds; allow a "wide range of edjustment" in prodnct specifications for estabiished markets, and would be self-supporting in energy terms.

That was more than two years ago. The extent to which these specifications have been met has since become a matter not only for engineers but also for lawyers.



BLUEPRINT FOR TYRES TO OIL FACTORY

THE CHASE TO RECLAIM FUEL FROM WASTE

FOR MORE than a decade, scientists in Britain and other countries havs been working on the reclamation of fuel from petro-chemical products, such as used plastic or rubber, which would otherwise be discarded as waste.

They have attempted to do so by pyrolysis, the process whereby materials are broken down into their constituent substances hy being heated in the absence of air. Organic materials treated in this way can be broken down into coal-like "char," hydrocarbon oils and gases, all of which can be used as fuel.

The greater the calorific value of the waste material, the greater the incentive for being able to harness it as fuel. Although pyrolysis is used for producing charcoal and industrial alcohal from wood, It is thought to have few other commercial applications.

In Japan and West Germany, scientists have specialised in pyrolysis of plastics.

In Britain, some of the main work has been carried out by Government scientists at the Department of Industry's Warren Spring laboratory, Hertfordshire. Although they have examined the problems of treating plastics and textiles, their main efforts have concentrated on pyrolysing household waste and tyres.

Tests at Warren Spring have shown that up to 40 per cent of the calorific valne of household garbage can be converted into a gaseous fuel similar to the old town gas, that is, about 35 therms of gas per tonne of waste. The laboratory developed a process of treating waste for which an exclusive licence was sold to Foster Wheeler Power Products.

In 1974, the Warren Spring scientists also started work on prodocing oil, gas and solid fuels by pyrolysis of rubber. The pilot programme was sponsored by Batcheler Robinson Metals & Chemicals, a metals recovery concern. It involved treatment of some 500 tonnes of scrap tyres and produced data for the design of a full-scale treatment plant.

Abont five years later, a new company, Tyrolysis, was set up by Foster Wheelar Power Prodncts and Leigh Interests, the Midlands waste handling specialists, to exploit the process commercially.

Unlike Warren Springs' work on pyrolysis of household waste, the work on tyres was not patented since it was regarded as merely an extension of existing technology.

It had embraced not only the heat treatment of the tyres but also the considerable difficulties of discharging the solid materials from the reactor in which the pyrolysis took place.

Boost to artillery's efficiency

BY LORNE BARLING

IF EVERY artillery shell fired could find its target, much higher-priced shells would be sceeptable and even preferable, given incressing financial pressures on defence spending.

Such a shell, guided by a miniaturised infra-red system in the nose, has been developed by Hymatic Engineering of the UK and production is being planned.

Hymstic, an aerospace and defence company, has seen its turnover rise from less than £1m a year in the early 1970s to a current £14m. It has benefited from long-term research in the crucial area of military guidance systems.

Redditch-based, it is part of the thriving Flight Refuelling Group, and much of its recent growth has been derived from the supply of infra-red detector systems for missiles such as the European Sidewinder and Milan anti-tank weapon.

For many years, Hymatic hes been a leader in the design and manufacture of components for thermal imaging systems, based on the Joule Thomson effect to provide cooling for low-temperature detectors.

The coolers are minlature precision units by which a complex relationship of thermo dynamics, fluid flow, heat exchange and control are able to convert pure high-pressure gases to liquid at very low temperatures.

This provides the low temperature necessary for infra-red detection of heat sources and when linked with a missile actuation system, will guide it accurately to its target. The company has just completed making 12,000 of these super-coolers for the Sidewinder air-to-air missile.

Hymatic has now developed a tiny version for artillery shells. It can be manufactured in volume at ahout one-tenth of the cost of earlier systems, due to new design, alloy and plastic materials and automated manufacturing techniqnes.

The company is likely to participate in the American Strategic Defance Initiative (SDI), according to Mr Peter Smith, special projects director, since the recently signed memorandum of understanding with the UK, identified thermsl imaging as one of the areas in which British technology is equal or better than that in the US.

However, according to Brian Longbottom, Hymatic's managing director, it is the micro-mechanical aspect of the company's future which is creating new challenges, both in design and prodnction terms, although these are increasingly integrated.

The company's engineering capability is already highly developed and many of its products are close to state-of-the-art. Therefore the prospect of mass-producing mini-coolers for shells and other munitions, such as bombs and small missiles, presents an exciting opportunity.

The company says that antomation was the natural route for efficient assembly of this kind of product, hut special problems wera present, since some work could only be carried out manually with the aid of a microscope.

Hymatic is already highly compnterised in terms of production, with wide use of advanced machine tool systems.

Shells that always find target will ease pressure on defence spending

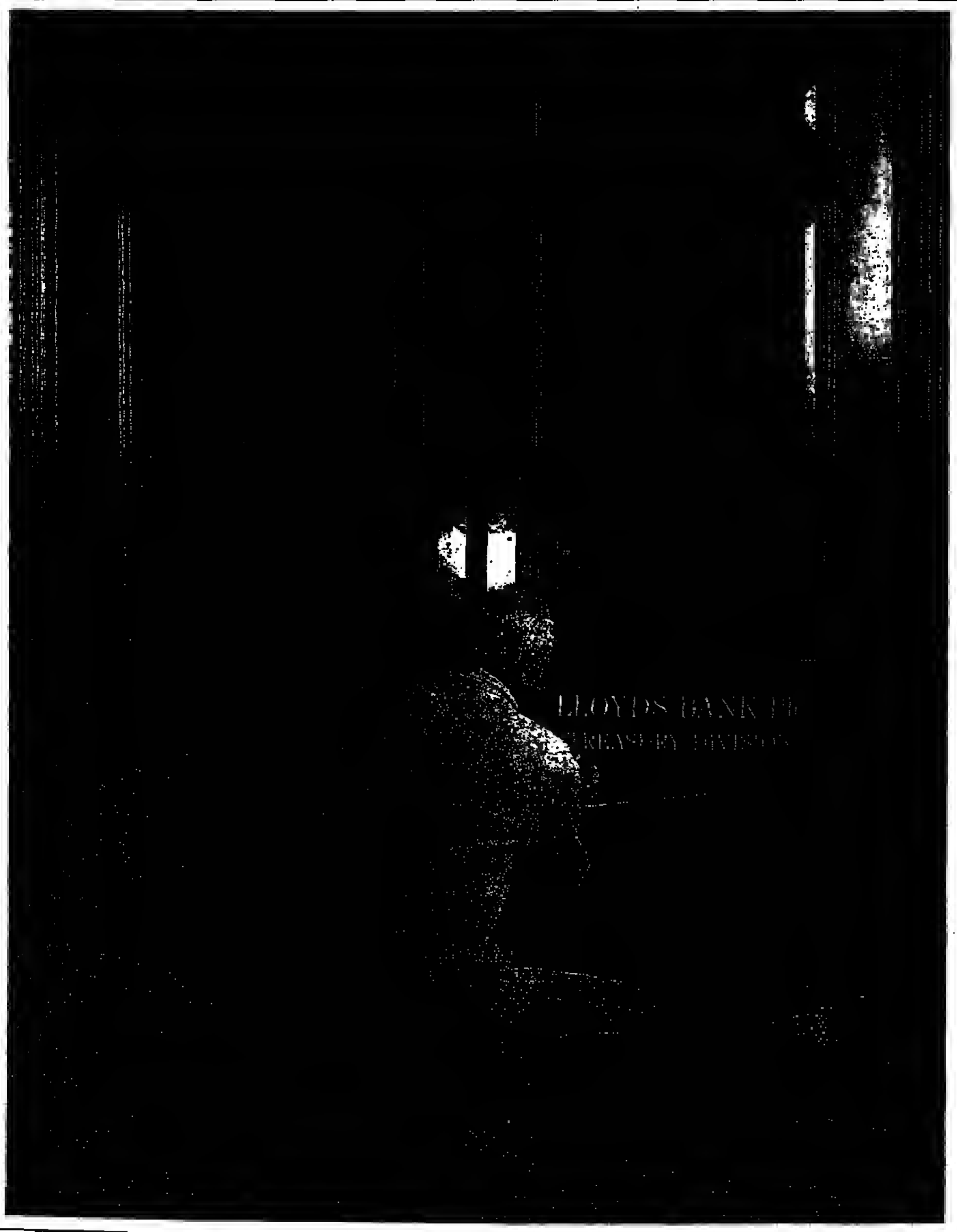
This has been essential to achieve flexihility for small production runs. The company believes that high volume production of micro-mechanical products is technically possible and that in coming years they will be a major contrihutor to increased turnover.

The ertillery shell system is expected to provide longer term work for tha company, running alongside its other mainstream activities which have widened considerahly from traditional air compressors to high technology aircraft and defence components.

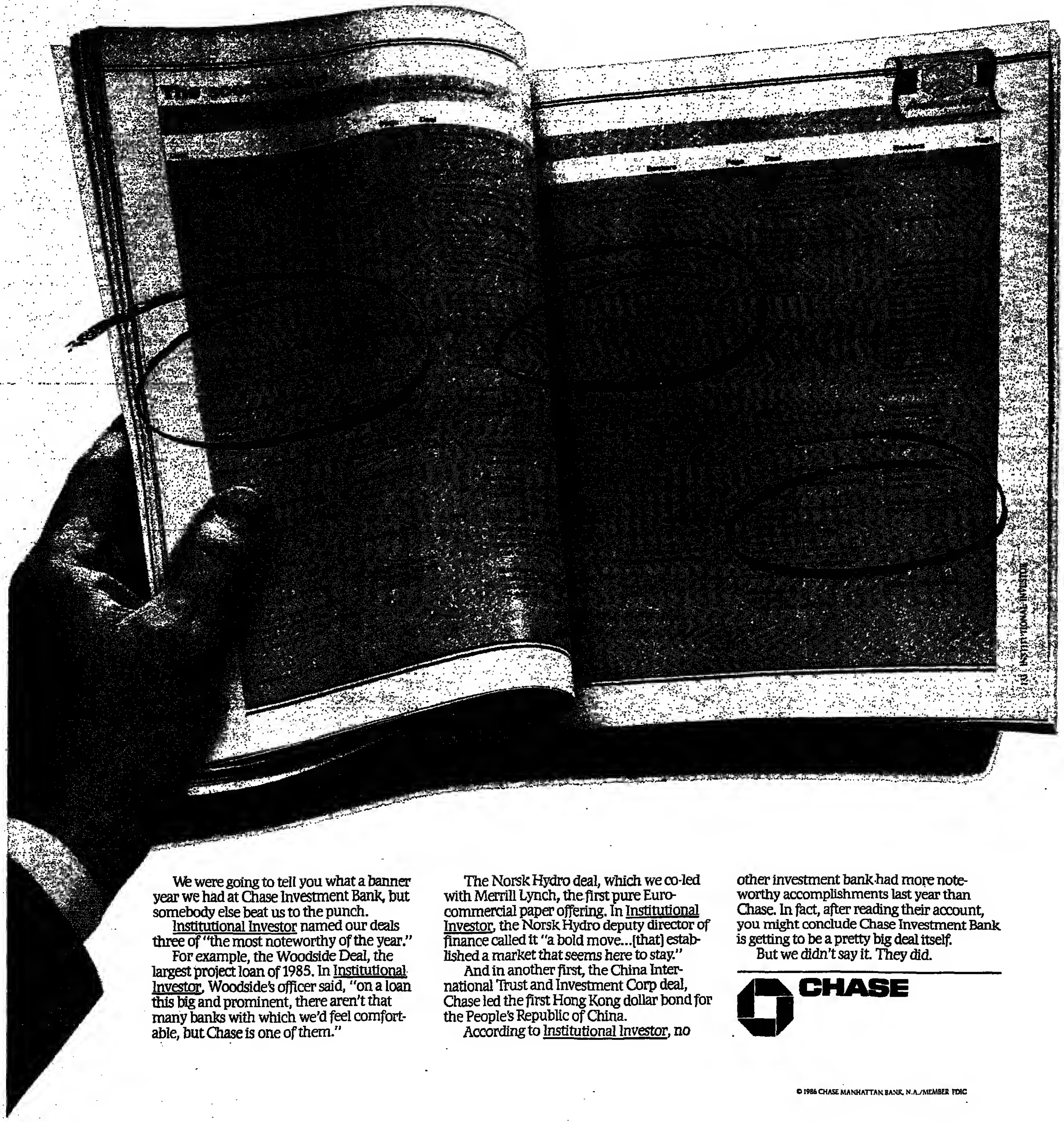
Most products involve fluid control technology, increasingly in the form of "gas batteries" which provide instant energy when pressured gas is released from high strength metal containers.

These are widely used in applications such as emergency actuation systems for undercarriages on major projects like the Tornado, Harrier and Hawk aircraft.

At present a large proportion of the company's work relates to those projects.



IF YOU HAVE SOMETHING GREAT TO SAY ABOUT YOURSELF, LET SOMEBODY ELSE SAY IT.



We were going to tell you what a banner year we had at Chase Investment Bank, but somebody else beat us to the punch.

Institutional Investor named our deals three of "the most noteworthy of the year."

For example, the Woodside Deal, the largest project loan of 1985. In Institutional Investor, Woodside's officer said, "on a loan this big and prominent, there aren't that many banks with which we'd feel comfortable, but Chase is one of them."

The Norsk Hydro deal, which we co-led with Merrill Lynch, the first pure Euro-commercial paper offering. In Institutional Investor, the Norsk Hydro deputy director of finance called it "a bold move...[that] established a market that seems here to stay."

And in another first, the China International Trust and Investment Corp deal, Chase led the first Hong Kong dollar bond for the People's Republic of China.

According to Institutional Investor, no other investment bank had more noteworthy accomplishments last year than Chase. In fact, after reading their account, you might conclude Chase Investment Bank is getting to be a pretty big deal itself.

But we didn't say it. They did.

CHASE

Arts Week

F	S	Su	M	Tu	W	Th
7	8	9	10	11	12	13

Exhibitions

LONDON

The Royal Academy: Sir Joshua Reynolds. The long-awaited tribute from the Royal Academy to its founding president fills the principal galleries of Burlington House until March 31 (sponsored by National Westminster Bank). A truncated version has already been shown in Paris. It is an equivocal compliment, for it confirms Reynolds as one of England's major art-historical heroes and exposes his limitations as a painter. Lacking the flair of such contemporaries as Ramsay and Gainsborough, let alone of the older masters of the grand manner, such as Van Dyck and Veronese, he had the ambition to match himself against them, and whatever he achieved in position and accomplishment was by effort *and determination.*

PARIS

Hommage to Paul Delvaux. Distant and solitary in their cool perfection, their large eyes unseeing, Delvaux's nudes people his dreamlike universe. The one touch of realism comes in the painting of his mother's kitchen, with an old-fashioned coal burning stove, grandfather clock and cured ham banging from the rafters. Centre Wallonie-Bruxelles. Ends March 31 (4271 2616).

Rembrandt's engravings: Engravings from the Dutuit collection represent Rembrandt's intimate world, his family, his friends, even shopkeepers and beggars. Every subject interests him, from biblical scenes to the most varied expressions of his own face, from a portrait of a philosopher to an image of a couple making love. He experiments endlessly with the technique of etching, with different types of paper until he achieves the same strength of artistic expression in engravings as he does in paintings. Petit Palais, Closed Mon. Ends April 20 (4265 1273).

Vienna 1880-1938: Centre Pompidou stages one of its vast exhibitions where different disciplines combine to bring to life a moment of history. Turn of the century Vienna, melting pot of nationalities and races, is the scene of a paradox. The mournful atmosphere of a *fin de regne* is lit by an explosion of ideas and artistic creativity with architects like Wagner, musicians like Mahler and Schoenberg, thinkers like Freud and painters like Klimt, Schiele, Kokoschka and the Secession Movement. Some 2000 exhibits bear witness to Vienna's contribution to modernity. Beaubourg-Centre Georges Pompidou. Closed Tue. Ends May 5. (4277 1233).

From Rembrandt to Vermeer. 50 chefs d'oeuvres on loan from the Mauritshuis trace a panorama of 17th-century Dutch painting with Vermeer's View of Delft with genre paintings, still lives and landscapes. Grand Palais. Ends June 30. (4261 5410).

Diego Giacometti: first exhibition showing the works of a sculptor-creator of furniture, mostly in bronze with animal ornamentation. Musée des Arts Decoratifs, 107 Rue de Rivoli. Ends Apr 13 (4260 3214).

WEST GERMANY

Düsseldorf, Städtische Kunsthalle, Grabbeplatz 4: Gerhard Richter, a retrospective of 120 oil paintings of the East German artist, who has lived in Cologne since 1983. The works cover 1962 to 1985. Ends March 16.

Hanover, Sprengel Museum Kurt Schwitters Platz: Kurt Schwitters (1887-1948). This comprehensive show, collected by the Museum of Modern Art, New York, includes as well works from his Hanover period (1923). There are 300 paintings, drawings assemblages, collages and sculptures. Ends Apr 20.

Stuttgart, Staatsgalerie, Konrad-Adenauer-Str. 30-32: German Art of the 20th century. This is the same exhibition as was shown at the Royal Academy in London last year. It is made up of 300 works from 1905-85 by 50 artists. Ends Apr 23.

ITALY

Venice: Museo Correr: 127 drawings from the rich collection owned by the museum, from the 15th to the mid-19th centuries, includes Guardi, Canova, Canaletto, and Tiepolo, as well as lesser-known artists. Ends April 17.

Venice: Palazzo Fortuny: two photographic exhibitions on 19th century Venice: Venice as seen by 19th century photographers and Daguerrotypes from the Ruskin collection. This is the first time that material Ruskin collected in Venice between 1845 and 1858, which comes from the Ruskin Gallery in the Isle of Wight and the Coniston Museum, has had a worthwhile exhibition. Also included are 16 photographs of Verona and several of Florence, Siena, Lucca and the Alps. Ends March 30.

Florence, Museo Nazionale del Bargello: Homage to Donatello: to celebrate the 6th centenary of his birth the 19 Donatellos the museum owns, of which only six are of absolutely certain attribution, have been grouped, with much documentation, to give a new view of the artist. The exhibition includes his extraordinary, languid bronze David. Ends May 30.

Rome, Museo di Palazzo Venezia (via del Plebiscito entrance): Fausto Pirandello (1921/1975): 150 works by the son of the playwright Luigi Pirandello. Particularly interesting are the series of pencil self-portraits from 1921 and the later group of curiously foreshortened nudes. A remarkable artist, but one whose works convey a sense of intolerable and unresolved anguish. Ends Mar 23.

NETHERLANDS

Haarlem, Teylers Museum: Survey of French 18th-century graphic art illustrating the new processes developed to capture painterly effects in etchings and engravings and meet the demand reproduction prints. Ends Apr 6.

SPAIN

Madrid: Modern masters from the Thyssen-Bornemisza collection gathers 114 works from French Impressionism to North American abstracts: Cézanne, Gauguin, Manet, Monet, Toulouse-Lautrec, Degas, Renoir, Pissarro, Sisley, Van Gogh, Picasso, Juan Gris, Braque, Leger, Bonnard, Chagall, Kokoschka, Kandinsky, Rothko, De Kooning, Bacon, etc. Sala Picasso, Biblioteca Nacional, Paseo de Recoletos 20. Ends Apr 6.

Madrid, "Max Ernst": A vast retrospective *of master of surrealism on show* for the first time in Spain gathers 125 works of his early Dada, frottages, collages and later stages: surrealist works up to his death. On loan by the Moma, Centre Pompidou, Guggenheim and Menil centres in Europe and the States, offers the fullest study we have yet had of the work of one of the most relevant artists of this century. Fundacion March, Castello 77. Feb 28 to April 27.

VIENNA

The hundredth anniversary of the birth of Austria's greatest *modern* artist, Oskar Kokoschka sees special exhibitions all over the country during the next weeks. About 40 of his city views will be on show at the Applied Arts Museum in Vienna to April 8. Another 120 Kokoschka works including oil paintings can be seen *at Wurthl Gallery in Vienna* until April 19. His controversial play Murder, Hope of Women, described as the first expressionist play, will be performed at the Applied Arts School from March 15 to 19. Several films and seminars about his work and life have also been arranged in Vienna. Other exhibitions of drawings and paintings will follow during the summer in his home town of Pochlarn, and in Graz and Salzburg.

NEW YORK

Metropolitan Museum: Liechtenstein, the *Princely Collection,* one of the greatest private collections in Europe, shows a variety of the holdings, like a French Rococo carriage, firearms, sculpture and a hundred paintings, including 19 Rubens, five Van Dycks, and eight Franceschinis. Ends May 1.

Asia Society: More than 75 sculptures illustrate the five-century long era of the Kushan dynasty in India, when Greek and Buddhist influences were first evident in the country's art. Ends April 6.

Museum of Modern Art: In the centenary of his birth, the museum mounts the largest show ever devoted to the architecture, design and furniture of Mies van der Rohe with 300 drawings, eight models and a full-scale rendering of the chrome-plated steel column from the 1929 Barcelona Exposition. Ends Apr 15.

New York Public Library: Tales of Japan, based on the little-known but extensive library holdings in Japanese art, presents 130 scrolls, albums and prints covering eight centuries of Japanese popular and religious works. Ends Mar 25.

WASHINGTON

Hirshhorn: The eight contemporary American artists in the Directions series include a light installation made for the show by James Turrell and major pieces by Frank Stella and Robert Morris. Ends Mar 30.

National Gallery: The 150th anniversary of *Winslow Homer's* birth is commemorated in an exhibit of 100 watercolours of rustic scenes and rural life, which show Homer's experimentation in watercolours before he attempted subjects in oils. West Building. Ends May 11.

CHICAGO

Art Institute: The 75th American Exhibition chronicles the current scene in American art represented by 20 artists including Jennifer Bartlett, Roger Brown, Frank Stella and Ed Paschke. Ends April 27.

TOKYO

Masterpieces of Karatsu Ceramics: One hundred antique bowls, jars and vases of 16th-century Korean-influenced ware from Kyushu, the large Japanese island nearest Korea. Karatsu is made from sandy, iron-bearing clay and decorated with glazes of dark brown iron and ashen white. Formed by band, they possess a rustic, warm quality and are extremely attractive. Idemitsu Art Gallery (9th floor of Kokusai Building, Marunouchi, near Ginza and main hotels). The museum also offers a quiet tea room and excellent views over the oasis at Tokyo's heart, the extractive moat and greenery around the Imperial Palace. Ends Mar 16. Closed Mon.

Masterpieces of 19th-century German paintings from the National Gallery in Berlin: 64 works by modern artists including Caspar David Freidrich and Wilhelm Leibl.

Opera and Ballet

PARIS

Paris Opera: La Traviata alternates with Cherubini's Medea conducted by Pinchas Steinberg in a new production by Liliana Cavani with Shirley Verrett/Dunja Vejzovic in the title role and Werner Hollweg as Jason. Also Tchaikovsky's Manfred choreographed by Rudolf Nureyev with the poet danced by Charles Jude/Jean Guizerix, the sister by Florence Clerc/*Karin* Averty and the Countess by Monique Loudieres/Elisabeth Platel. (4266 5022).

Shanghai Opera Ballet combines in The Song of the Phoenix on Mount Tchi – a Chinese contemporary vocabulary with ancient court and folklore dances, with Peking Opera's fencing and acrobatics. TMP-Châtelet (4261 1983).

Maometto II, concert version, played by Orchestre Colonne, conducted by Claudio Scimone, Anna sung by Cecilia Gasdia. TMP-Châtelet (4233 4444).

Maurice Bejart's 29th century ballet follows le Baiser de la Fee by Le Concours danced to music by Hugues Lebars, Adam, Tchaikovsky, Strauss. Palais des Congres. (4266 2075).

LONDON

Royal Opera, Covent Garden: Revivals of Barbiere di Sivigila (with Mikael Melbye in the title role) and Il trovatore (with Rosalind Plowright, Franco Bonisolli, Stefania Toczyska, and Leo Nucci) make up the rather dull routine of the Royal Opera this week (240 1066).

English National Opera, Coliseum: Jonathan Miller's dream-in-a-library production of The Magic Flute, a dry concept given warmth and vitality by the excellent ENO cast, continues in repertory. Also La Bohème, with Valerie Masterson's enchanting Mimi, and the extremely unsatisfactory "new look" production of Madame Butterfly, redeemed (as far as possible) by the conducting of James Lockhart. (836 3161).

Royal Opera House, Covent Garden: The Royal Ballet offers a triple bill *including* the *glitzy Frankenstein.* Also performances of La Fille mal gardée.

WEST GERMANY

Berlin, Deutsche Oper: Ariadne auf Naxos brings together Costanza Cuccaro, Janis Martin and Hermann Winkler. Die lustigen Weiber von Windsor has fine interpretations by Norma Sharp and Barry McDaniel. Die Meistersinger von Nürnberg stars Pilar Lorengar, Hermann Prey and Horst Laubenthal. Don Giovanni, sung in Italian, bas Cheril Studer, Pilar Lorengar and Lenus Carlson. Madame Butterfly rounds off the week. (34381).

Hamburg, Staatsoper: Parsifal has Kurt Moll and James King. La Clemenza di Tito features Barbara Honney, Doris Soffel and Harald *Stamm. Faust has Alberto Cupido* brilliant in the title role. (35 11 51).

Frankfurt, Opera: Premiering this week is Orpheus in der Unterwelt, produced by Jürgen Tamchina. Hector Berlioz' *rarely* played The Trojan. Also Die Verkaufte Braut. (25 621).

Cologne Opera: Premiering this week is Tristan und Isolde, produced by Michael Hampe, with Jeannine Altmeyer and Rene Kollo in the main parts. Further productions are Madame Butterfly and The Turn of the Screw. The latter is sung in English (20 761).

München, Bayerische Staatsoper: This week's highligbt is Don Giovanni with Edita Gruberova, Trudeliese Schmidt and Kurt Moll. Carmeo is a well done repertoire performance. Uo Ballo in Maschera with *Mara Zampieri, Carlo Cossutta and* Wolfgang Brendel is conducted by Guiseppe Patane. (21 851).

NETHERLANDS

Amsterdam, Stadsschouwburg. New production of the Marriage of Figaro (in Italian) from the Netherlands Opera directed by Rhoda Levine, with the Netherlands Philharmonic and the Opera Choir conducted by Hartmut Haenchen. Jake Gardner as Figaro, and Sylvia McNair as Susanna. (Wed). (24 2311).

ITALY

Milan: Teatro alla Scala: Die Frau Ohne Schatten conducted by Wolfgang Sawallisch and directed by Jean-Pierre Ponnelle, who also designed the scenery and costumes. Eva Marton, Brigette Fassbaender and Hartmut Welker. This is the first time the opera has been produced in Italy. (80 91 26).

Rome: Teatro dell'Opera: The Barber of Seville conducted by Marcello Panni and directed by Antonello Madau Diaz. A pleasant but conventional production with scenery and costumes by Roberto Lagana (46 17 55).

Trieste: Teatro Comunale Giuseppe Verdi: A one-act opera, Volo di Notte with music by Luigi Dallapiccola based on Antonie de Saint-Exupery's Vol de Nuit. Genoa Opera production, directed by Vera Bertinetti, and conducted by Wolfgang Rennert. Also a new ballet with choreography by Tuccio Rigano to music by Dallapiccola. Wolfgang Rennert conducts and the scenery and costumes are by Antonio Mastromattei. (631948).

Turin: Teatro Regio: Idomeneo conducted by Zoltan Pesko and directed and with scenery and costumes by Jean-Pierre Ponnelle. (548000).

Naples: Teatro di San Carlo: Simon Boccanegra conducted by Daniel Oren, with Renato Bruson (who also directed), Ileana Cotrubas, Luis Lima and Nicolai Ghiaurov. The scenery and costumes are by Tita Tegano. (416 286).

Parma: Teatro Regio: Lucia di Lammermoor with Alfredo Kraus. Angelo Campori conducts and the scenery and costumes are by Pier Luigi Samaritani. (79 56 76).

SPAIN

Madrid, Ballet Nacional de España, Spanish Ballet. Guest star is Merche Esmeralda, a good exponent of this very special Spanish type of dancing. Teatro Monumental, Atocha 65. (239 40 14).

VIENNA

Staatsoper: Elektra, conducted by Klobucar with Ludwig, Jones, Lotte Rysanek. La Fille mal guardée con*ducted by Richter* (5324/2655).

Volksoper: Das Land des Lächelns conducted by Bibl. La Bohème; Weinberger's Schwanda, Der Dudelsackpfeifer. (5324/2657).

NEW YORK

Metropolitan Opera (Opera House): The week features the premiere of Sir Peter Hall's production of Carmen conducted by James Levine with Maria Ewing in the title role, Catherine Malfitano as Micaela and Placido Domingo as Don José. It joins the repertory of Simon Boccanegra with Anna Tomowa-Sintow as Amelia and Sherrill Milnes in the title role conducted by Myung-Whun Chung, Falstaff conducted by James Levine and Francesca da Rimini conducted by Nello Santi with Renata Scotto in the title role. Lincoln Center (362 6000).

New York City Opera (NY State Theater): The company's first musical comedy seasoo kicks off with five weeks of Lerner and Loewe's Brigadoon, conducted by Paul Gemignani in Gerald *Freedman's production.* Ends Mar 30. Lincoln Center (870 5570).

Music

LONDON

Huddersfield Choral Society and Royal Philharmonic Orchestra conducted by Owain Arwel Hughes with Felicity Lott, soprano, Sarah Walker, mezzo-soprano, Maldwyn Davies, tenor and Benjamin Luxon, bass. Handel's Messiah. Royal Festival Hall (Moo). (928 3191).

Rodrigo Festival: Bournemouth Sinfonietta and The Renaissance Choir conducted by Raymond Calcraft. Rodrigo, Falla and Copland. Queeo *Elizabeth Hall (Mon). (928 3191).*

Philharmonia Orchestra conducted by Carlo Maria Giulini with Kathleen Battle, soprano, and Renato Bruson, baritone. Franck and Fauré. Royal Festival Hall (Tue).

London Symphony Orchestra conducted by Eduardo Mata with John Lill, piano. Gluck, Brahms, Mussorgsky/Ravel. Barbican Ceotre (Tue). (638 8891)

PARIS

Edda Moser recital (Mon). Théâtre de *l'Athenée* (4742 6727).

Ensemble Orchestral de Paris cooducted by Yan-Pascal Tortelier. Marielle Nordmann, harp, David Geringas, cello: Daniel-Lesur, Boieldieu, Haydn (Tue). Salle Gaveau (4562 6757).

Anne Queffelec, piano: Chopin, Scarlatti. Beethoven (Wed). Salle Geveeu (4563 2030).

Orchestre de Paris conducted by Leinsdorf with Dietrich Fischer-Dieskau: Mahler (Wed, Thur). Salle Pleyel (4561 0630).

Orchestre National de France conducted by Vaclav Neumann. Julia Varady, soprano: Liszt, Mahler (Wed, Thur). Theâtre des Champs Elysees (4723 4777).

WEST GERMANY

Frankfurt, Alte Oper: Martha Argerich and Nelson Freire (piano duet): Mozart, Brahms, Rachmaninov, Debussy and Liszt (Mnn).

The Milwaukee Symphony Orchestra, conducted by Lukas Foss and pianist Ivo Pogorelich, Prokofiev end Brahms (Wed).

Berlin, Philharmonie: Berlin Philharmonic Orchestra, conducted by Riccardo Muti. Mendelssohn and Bruckner. Soloist is Leon Spierer, violin. (Wed).

ITALY

Florence: Teatro Comunale: Bach's Well-Tempered Clavichord. Andras Schiff (Tue and Wed). (277 9236).

Rome: Oratorio del Gonfalone (Vicolo della Scimia 1/B – Via Giulia): The Chamber Orchestra of Paris Music from the Middle Ages to the Baroque period. (Thur). (655 952).

Rome: Teatro Olimpico: (Piazza Gentile da Fabriano): Pianists Nikita *Magaloff and Michel d'Alberto.* Chopin, Grieg, Debussy and Bizet (Wed). (39 33 04).

Rome: Auditorium via della Conciliazione: Soprano Margaret Price. Brahms, Berg and Stravinsky (conducted by Giuseppe Sinopoli). (Mon and Tue). (654 1044).

NETHERLANDS

Amsterdam, Concertgebouw. Mosche Atzmon conducting the Netherlands Philharmonic, with Isabelle van Keulen, *violin.* Berlioz, Saint-Saens, Ravel (Tue). (71 83 45).

Rotterdam, De Doelen. Arie Keijzer, organ, and Gerard Hettema, violin. Bach (Mon). Edo de Waart conducting the Rotterdam Philharmonic. Bruckner (Thur). Recital Hall: Schubert lieder performed by Robert Holl, bass, accompanied by Konrad *Richter (Wed). (14 29 11).*

Utrecht, Vredenburg. St Matthew Passion performed by the Utrecht Student Orchestra and choir and soloists conducted by Richard Ram (Mon, Tue). Mosche Atzmon conducting the Netherlands Philharmonic, with Isabelle van Keulen, viobn. Berlioz, Saint-Saens, Ravel (Thur). Recital Hall: Orlando Quartet. Mozart, Beethoven (Tue). Hoffmeister Quartet. Mozart (Thur). (31 45 44).

SPAIN

Barcelona, Ensemble Clement Janequin and Les Saqueboutiers de Toulouse. Gabrieli, Scheidt and Schutz (Tue); Münchener Camerata. Mozart and Hindemith (Thur). Church St Maria de Jesus de Gracia, Gracia 3. (301 11 04).

Madrid, Maria Joao Pires, Portuguese pianist. Schumann, Debussy, Mozart and Beethoven (Wed); Spanisb Orquestra y Choir RTVE conducted by Ferdinand Leitner. Rachmaninov (Thur). Plaza Isabel 11. (248 38 75).

Madrid, Midday concerts Monday: Organist *Anselmo Serna and Enrique* Rioja, trumpet: Bach, Brahms, Scarlatti. Fundacion Juan March, Castello 77. (435 42 40).

TOKYO

New Japan Philharmonic, conducted by *Seiji Ozawa.* Saint Francis of Assazi by Olivier Messiaen. Tokyo Cathedral. (Wed, Thur). (945 6144; 571 1689).

CHICAGO

Chicago Symphony (Orchestra Hall): Sir Georg Solti conducting. Haydn, Bruckner (Thur). (235 6111).

Daniel Barenboim: piano recital (Orchestra Hall): All Beethoven programme (Tue). (235 8111).

Continued on Page 21

THE ARTS

Cinema/Nigel Andrews

A cod-colonial 'Love Story' in Africa

Scene from Kurosawa's "Ran"

Out Of Africa (PG) Empire
Ran (15) Curzon West End, Screen On The Hill, Gate Notting Hill
Detective (15) Camden Plaza, Metro

"I had a farm in Africa, at the foot of the Ngong hills . . ." No book ever opened more simply and hauntingly than *Out of Africa*.

Karen Blixen's autobiography-cum-travel-book-cum-prose-poem is a work of such unforced, elusive greatness that it has kept film-makers at bay ever since it was published (1937). Now, through the persistence of producer-director Sydney Pollack (of *Tootsie* and *The Electric Horseman*) and the bankability of stars Robert Redford and Meryl Streep (who cost $6m between them), *Out of Africa* has hit the screen.

Hit it? Well, not really. More fallen on it from a great height and splodged all over it. The darkly humorous Baroness Blixen (aka Isak Dinesen, the Danish-born author of *Seven Gothic Tales*) would surely smile hugely at the spectacle of Hollywood turning a masterpiece of crystalline wisdom and poetry into a sprawling equatorial lovestory which could as well, for the most part, be about Armand and Michaela Denis as about Karen Blixen and the great love of her African life, the huntin', shootin' and thinkin' Denys Finch Hatton.

In 20-odd minutes we whizz through the necessary story setting-up: Karen's marriage to Baron Bror Blixen (Klaus Maria Brandauer) in Denmark; the Blixens' buzzing off to Africa to take up coffee farming; the first encounter with the male chauvinist world of colonial Kenya, epitomised by the famed Muthaiga Club. And then, allowing for one or two minor interruptions in which scenes or details from the book itself appear—the native boys aghast at Karen's cuckoo clock, the culinary miracles of the young Kikuyu servant Kamante—we are off into a long, sudsy, fabulated romance between Karen Streepsen and Robert Finch Redford.

The movie's romantic centrepiece is a safari deep into the bush. Daytime encounters with lions and elephants alternate with night-time conversations *à deux*, intimate but high-toned, over a white-tablecloth-and-wine dinner under the stars. (We have not seen such cod-colonial safari nights since *Carry On Up The Jungle*.)

Tension grows between the couple because Streep-Blixen cannot understand Finch Redford's flitting attitude to love. She wants permanency and marriage; he wants to be free to love her from choice, not contract.

We (the audience) wish at several points during 2½ hours of watching Blixen's book vaporise into "*Love Story* Goes To Kenya" to be free of the movie. How it goes on. Streep, with black hair, pale swoony aquiline features and a Danish accent only Danes could fault, does as much as any actress could to pump inner life and spirit into the pulp. And Brandauer imparts a multi-layer humanity to the cad who married Karen, then walked out on their coffee farm, then proved to have infected her with syphilis. (As the proverb goes, With husbands like that . . .)

But what can we — or the film — do about Redford? There is no hint of a British accent — perhaps he is related to the little-known Finch Hattons of Santa Monica? The rootless, flaxen-haired Galahad he presents (the real Finch Hatton was tall, thin, English and balding) is as inexplicably modern, American and shiny-charismatic as the Coca-Cola bottle which fell from the skies into the midst of an African tribe in *The Gods Must Be Crazy*. No wonder Miss Streep takes him for a god: the African tribe did the same with the Coca-Cola bottle. What human beings do not understand they often deify; what they do understand they merely nominate for 11 Oscars.

*

Ran, Akira Kurosawa's magnificent Orientalisation of *King Lear*, also comes in at 2¾ hours. There is not a wasted second. Tere is proof of what we seldom doubted: Kurosawa is a director who becomes godlike rather than gaga in old age.

In *Ran* he has leant down from the clouds over Mount Fuji, extending his compasses over the ashen slopes where most of the movie was shot, and measured out a glittering tragedy. The film is full of the elemental imagery and Heaven-challenging harshness we associate more with Shakespeare's plays or Michelangelo's paintings than with any film-maker past or present, Eastern or Western.

Kurosawa's "Lear" is a 70-year-old warlord, Hidetora (Tatsuya Nakadai of *Kagemusha*), who in strife-torn 16th-century Japan hands over his realm to the eldest of three sons. Only the youngest son protests against this gesture as a wilful old man's folly: Cordelia-like, he is banished.

With the difference that Shakespeare's three daughters have changed sex, *Ran* closely follows *Lear*. There is a Kent, a Fool, a storm scene, a "poor Tom" and a tragic last-act convergence of reunion and death. The lack of a Gloucester subplot is made up for by the prancing, keening cruelty of the film's leading lady, Hidetora's daughter-in-law (Mieko Harada). This lily-white Gorgon with the cleverest simper and high-flying pencil eyebrows rejoices in severed heads and sudden death; undoubtedly she drinks blood for cocktails. Her own demise is apt and unforgettable: a giant spray of blood against a white wall as a sword cleaves the air and an unseen neck is severed.

But *Ran* is never merely a splatter movie for the art house. The long central battle scene, with Hidetora hunted by his own sons in a smoking castle while his followers fall to hailing arrows or the puff of muskets, is played like a *danse macabre*. Sombrely mesmeric music drowns all but the keenest sound effects until the music suddenly and abruptly clears—like the smoke itself—to show Number One son toppled from his horse by the thump of a bullet, a flower of blood spreading in his back.

There are only two major disappointments in the film. The mad scenes — Hidetora and his Fool amid white flowers on the mountain slopes—seem winsome and sentimental in Kurosawa's hands. (The Fool, played in quipping falsetto by a female impersonator called Peter, is clearly an acquired taste. I did not acquire it. And when Kurosawa relies on speechifying to punch up the film's cosmic rage or grief, all we get is much sub-Shakespeare rhetoric on the lines of: "Oh you gods, why do you mock us?"

But the uncontrollable splendour of the images keeps burning through the plainest surface. Musket fire spits like tongues of flame through a wall of smoke; luminous mists luxuriate over the lava slopes of Mount Fuji; white-haired Hidetora huddles in his castle, his face a stricken, tragicomic mask as arrows whistle all about; and the last shot, a lone figure tottering in silhouette on a broken, splintered skyline against a lurid sky.

It suggests, along with Kurosawa's shots of menacing cloud formations strewn through the film, that this is a post-nuclear *Lear*, a *Ran* as much for the age of modern Tridents as ancient Titans.

Goodness knows for what age group Jean-Luc Godard's *Detective* is intended: the second childhood of avant-garde French directors, I suspect. We are in a multi-character Paris hotel with Johnny Hallyday (boxing promoter), Laurent Terzieff (detective), Jean-Pierre Léaud (detective's nephew), Claude Brasseur and Nathalie Baye (married couple), Alain Cuny (Mafia person), and many other distinguished French stars with time on their hands.

There is not what you could call a plot: more a *Grand Hotel* of subplots, involving such everyday Godardian matters as robbery, blackmail, nudity, voyeurism, sudden squawks of string music on the soundtrack, literary name-dropping (from Carroll to Conrad) and quotes from old movies. And of course talking. "This is not one of those little French films," says a character, "where the characters think talking is thinking." Oh yes it is.

Once or twice I thought I espied a theme, much as a birdwatcher after a long vigil in the freezing dawn might think he espied a rare bird. But either I was wrong or it flew away before identification. "History keeps repeating itself, it's one long summer," says another character at another point. *Même* — if I may be permitted to say so—*le cinéma de M Godard*.

Mahagonny/Scottish Opera

Andrew Clements

To anyone who saw *Mazeppa* when it was staged at the Coliseum last season, the landscape of David Alden's production of *The Rise and Fall of the City of Mahagonny* for Scottish Opera will seem all too familiar. The flat, harsh lighting, the tattered, throw-away sets (designer, David Fielding) littered with debris; above all the plethora of irrelevant and inconsequential gestural detail, whose significance to the opera in question has to be teased out slowly, if ever at all.

It is a treatment that comes strictly off the peg, and which could be used with the minimum of tailoring for any number of scenarios. In *Mazeppa* the concept was at least given a consistency, whether or not one thought it necessary or indulgent — Chaikovsky's tale of power politics was given an authentic 20th-century relevance. But *Mahagonny* has all the contemporary relevance one could possibly want, and in any case Alden's glosses seem consistently to be geared to illuminating subsidiary issues, perhaps he too realised that Brecht and Weill's original still packs a more powerful punch than anything he could contrive.

But there is a dramatic problem to be surmounted in *Mahagonny*, and it is one that this production fails to address with any conviction. The mixture of musical satire and straight-faced Teutonic opera (all those grinding chorales!) is a hard one to pace: the intrusions of the narrator alienate in every sense of the word and make a coherent dramatic thread difficult to sustain; the humour should be black and profoundly shocking. But under Alden all these crucial elements are allowed to make their own way through the opera, while he concentrates on details that distract, perplex and irritate in equal proportions.

We begin with one of the most fatuous examples. Brecht once dismissed *Mahagonny* as a "culinary opera," and so on to the stage trips Felicity Palmer (Mrs Begbick in the opera proper) with Thatcherite wig and blue two-piece to give a cookery demonstration, which breaks up in confusion as Fatty (Alexander Oliver) and Trinity Moses (Eric Roberts) arrive, and the opera as we recognise it begins. Seven or eight minutes are diverted to padding out this joke, which must have been totally lost on 90 per cent of the audience.

By the end of Act 1 the tricks began to blur into one another, and one ceases to wonder upon their significance. The Alabama Song is delivered to a slow, coy striptease and the lumberjacks arrive in town on roller skates and sporting SAS-style masks. The girls parade with hula hoops while Mrs Begbick discusses terms with the men; later she fills a blackboard with trigonometry while Fatty crosses the stage on a barrel. In fact Acts 2 and 3 are more straightforward; sometimes there is hardly anything to watch, apart from the intrinsic and unfailing ugliness of the stage pictures, though piles of shoes invade the courtroom scene—echoes of the Walsh Berghaus Giovanni. . . .

Some worthwhile performances can be prised out of the mire. Miss Palmer's Begbick is an assured, dominating presence with an acid-edged tone pertinently applied; Oliver makes Fatty a sinister, omnipresent figure, while Robson's Moses is suitably reptilian. Kate Flowers is a plausible Jenny, though perhaps with a voice that seems too obviously operatic in its sweeter way; Richard Cassilly's big, coarse tenor seems out of focus in the context of this conception of Jimmy Mahoney. Sian Edwards obtains fine and alert playing from the Scottish Opera Orchestra, though she treads the line between opera and musical with more assurance in some places than in others. But all of them deserve a far better dramatic framework for their efforts than the one with which they found themselves hurdened here.

La vera costanza

Max Loppert

The spate of London student opera continues, ever more rewardingly. On the face of it the choice of Haydn's *dramma giocoso* as the latest Royal College of Music Opera School production at the Jeanetta Cochrane Theatre might seem odd, because the work proposes performance difficulties in just those areas where students are likely to demonstrate greatest inexperience.

As those who have learnt the work from the Philips recording are well aware, it is musically rich, studded with two magnificently strong and shapely act-finales and any number of delightful melodies and heart-lifting instrumental inventions in between. But it is dramatically quite uninteresting—a tale of "true constancy" that works largely in circular motion, and whose fussy, tortuous psychological motivation is hard to synchronise with the outbursts of real musical profundity it is apt to inspire. Just the kind of work, in other words, with stylistic poise and maturity of musicianship as its highest requirements—and it is in the provision of these that students normally fall conspicuously.

But this RCM undertaking, given in conjunction with the Central School's Theatre Design Department (who have come up with the very attractive period-theatre-style sets), is conspicuously successful. Not totally so: the producer, Kay Lawrence, has encouraged the *buffo* baritone to slip into doddery-fey routines that his stage technique is unable to see through (and that are not in the least worth bringing off in the first place). But, because the production is good to look at and cast with voices largely well matched to their parts, the main lines of the work stay taut — as taut, at least, as Haydn and his librettist will allow (the production is further helped by the new translation, of variable quality but vigorously delivered, by Richard Burgess Ellis).

It was in the pit, however, that the richest source of vitality for Wednesday's performance was discovered. Roger Norrington conducts with passionate enthusiasm and also sharp control; every part of the score is shaped to give pleasure (the sound of the student orchestra was a delight hardly marred by passing fluffs). He obviously loves the music—he sings much of it as loudly as Toscanini used in similar circumstances to sing Beethoven and Verdi — and he persuades an audience to do the same despite the disadvantages of encountering it in a theatrical context.

Illness was claimed for the player of the *semi-seria* heroine Rosina (the victim of all the plot's dreary slings and arrows of repetitive fortune). But, apart from a tendency to shade some phrases in a sharpward direction, Margaret Cameron's light, fluent singing gave little hint of incapacity. Even more striking talent was registered by the tenor Blair Wilson (to whom falls the improbably volatile object of Rosina's "costanza") and the baritone Gerald Finley (as suggested earlier, not at ease as a *buffo* but with a voice already handsomely settled and smooth). Of the others, Helen Edwards and Michael Law earn a particular mention. Repeated on Saturday.

When We are Married/Whitehall

Michael Coveney

The Whitehall's herself again, restored to an approximation of art deco "dream of black and silver" of 1930 and a home for hearing comedy. Priestley's 1938 silver wedding party for the second generation Industrial Revolution mercantile big-wigs in the West Riding is a standard item in the repertoire; Ronald Eyre's superb production for Ray Cooney's Theatre of Comedy rescues it both from village hall pantomime and National Theatre plaly (I can hardly remember who played what on the South Bank—apart from Harold Innocent).

In some ways, the show contradicts its new surroundings of colonrful panels in the circle and Attic friezes in the stalls —the dacorations of Marc Henri and Laverdet have been gorgeously renewed hy Felicity Youett. Priestley is basic, not decorative. But this home of *Worm's Eye View* and the Rix/Cooney. Whitehall farce tradition is an ideal one for ensemble playing, and an expert cast haa a fiald day bouncing the comedy around the cool and midnight hlue auditorium.

Priestley here waa lighting a few fireworks under the new suburhan prosperity in tha guise of a perfectly organised and crafted popular entertainment. A new romance is blooming in the house of Alderman Helliwell, host to textile magnate Councillor Parker, Mister Herbert Soppitt and their respective spouses. The local paper is represented by a keen writer (dynamically played by Peter Bourke) to atone for the character's early bath) and the Falstaffian alcoholic photographer Henry Ormonroyd, a role once unforgettably improvised by the late Fred Emney (in a cast including Peggy Mount and Hugh Lloyd) and here given wispy-haired hints of woozy, visitational greatness by Bill Fraser. The chapel organist has heen late with his *Messiah* and talked ahout for his pink shirts and after-dusk romancing.

The hurghers' outrage is turned inside out hy the revelation that tha parson who married them all 25 years ago was unqualified for the task. Tha situation, as opposed to plot, thickens with the arrival of Patsy Rowlands's Blackpool floozy—a knee-occupying Doll to Fraser's suddenly rejected fat knight in best worsteds—and the piquant renewal of marriage vows in an atmosphere of domestic recriminatory point-scoring.

The authenticity of the evening, and its joy, lies not just in the cast getting the accents right. Whereas Peggy Mount was a perfectly hilarious battle-axe as the dominating Clara Soppitt, Elizabeth Spriggs carries in her regal demeanour, costume and general blanched poise, an entire story of what it meant to marry for social status and be subsequently disappointed. The gentility jostles uncomfortably against the coarseness.

It is the same with Patricia Routledge's magisterial display as the Alderman's wife, a prolonged and agonised wincing stagger of a performance that stops the show on the hypocritical righteousness of a line like "I'd go up to bed now and lock my door if I dldn't think I'd be missing something."

Patricia Hayes, who played the maid in 1938, raturns to the piece as the vengeful gossiping daily Mrs Northrop, James Grout is marvellously puffed up and sonorous as the Alderman, Brian Murphy dalightful as Soppitt, tha worm who turns undar the deluslon of freedom, hlossoming to full stance and gesture aftar early tentatlve aprung jumps on tha back of the sofa.

Tha sentiment of the piece is correctly woven into the playing. The reminiscent crossed wires of photographer and floozy, for instance, comes up fresh, school of Coward and Pinter. (Did, though, Mr Fraser stumble on some crucial information about the registrar?) Forgotten outings in wagonettes, the horror of downing port on top of the tea ("You'll be poorly"), all is as authentic as Miss Rowlands' piano accompaniment for "Just a Song at Twilight."

But the onstage marital honours must be shared by Timothy West and Prunella Scales, for whom 25 years has been enough. Miss Scales emanates a threatening apinsterish calm behind small spectacles before delivering her coup de grace in reply to the query "What's wrong with me?" Nothing, excapt that old Parker is very dull, very, very dreary. And, explosiva pausa while inspecting the lap . . . . *stingy*. Mr West, strands of hair plastered hopefully across a thrusting pate, reacts explosively; he has always thought of himself as being inherently exciting. This is matchless comic playing. The evening I found to be a joy from atart to finish.

Murail & Saxton/Elizabeth Hall

Dominic Gill

As well as Messiaen's instrumental hymn to the birds of Japan, *Sept Haïkaï*, and Luigi Dallapiccola's wartime *capolavoro* for pianos, harps, percussion and choir, *Canti di Prigonia*, the London Sinfonietta presented two new works on Wednesday in the BBC's Music of Eight Decades series.

Tristan Murail's *Les Courants de l'Espace* was new only to Britain. It is very much a French genre-piece, an instrumental tone-painting delivered with a concise technical grasp of the medium, but with little else. The means and theories employed to produce this kind of music are often different: but ona virtuoso catalogua of sound-effects is not fundamentally very different from another. *Les Courants* contained some nice hig, lapping sonorities, and one or two pleasing exchanges between treated (amplified, ring modulated, filtered) *ondes Martenot* and wind or strings. But 22 minutes of this sort of thing is really over-indulgent.

The premiere of Robert Saxton's new chamber symphony *The Circles of Light* was a more absorbing affair. Shorter by some five minutes than the Murail, it is a more powarfully condensed score and far more exciting, that seems to contain virtually no redundant gesture. On the opening page the music moves from darkness, suddenly, accelerando, into light, and stays there. It has a joyous movement, excitable, lyrical, that is always firmly underpinned — most often by an urgent rhythmic logic. It is in many ways the work that we were waiting for from Saxton: the first major dramatic explosion, uninhibited and exhilarating, from a talent that has been restrained, self-contained, for too long. I look forward to hearing it again soon: the piece would be a worthy addition to the Sinfonictta's regular repertory.

David Aukin to join the National

David Aukin, at present director of the Haymarket Theatre, Lelcester, is to join tha National Theatre on September 1 in the newly-creatad appointment of executlve director.

He will ahare with Peter Hall tha responsihility for overall direction and managament of the NT, althongh Peter Hall will ramain the NT's chief executive.

Continued from Page 20

WASHINGTON

National Symphony (Concert Hall): Michael Tilson Thomas conducting, pianist. Mozart, Gershwin, Berg, R. Strauss (Thur). Kennedy Center (254 3776).

NEW YORK

New York Philharmonic (Avery Fisher Hall): Zubin Mehta conducting, Guher and Sueher Pekinel duo pianos. Boulez, Mozart (Tue); Pierre Boulez conducting, Phyllis Bryn-Julson soprano. Stravinsky, Debussy, Boulez (Thur). Lincoln Center (874 2424).

Musica Sacra (Avery Fisher Hall): Richard Westenburg conducting. All-Bach programme (Wed). (874 2424).

Carnegie Hall: San Francisco Symphony, Herbert Blomstedt conducting, Claudio Arrau piano. Wagner, Beethoven, Nielsen (Mon); National Orchestra of New York. Enrique Batiz conducting, Gustavo Romero piano. Brahms, Revueltas, Elgar (Tue); Opera Orchestra of New York. Eve Queler conducting. All-Smetana programme (Thur). (247 7459).

VIENNA

Piano evening with Rudolf Buchbinder. Haydn, Beethoven. Musikverein. (Mon).

Bach's St John's Passion, Vienna Bach Soloists and Albert Schweitzer Choir. Musikverein. (Tue).

Vienna Symphony Orchestra conducted by Hubert Soudant with Mariana Nicolescu, Soprano, Hein Meens, Tenor, Margareta Hintermeier, alto. Raval, Bruckner. Musikverein. (Wed and Thur).

Theatre

TOKYO

Kabuki (Kabuki-za): Morning and evening performances feature mainly younger stars in a miscellany of dances and popular short plays. Tamasaburo Takao also appears. Excellent English programme notes and earphone commentary. Kabuki-za Theatre, near Ginza. (541 3131).

Takarazuka All-Girls Revue. This phenomenon, the antithesis of Kabuki where all the roles are played by girls but with typical Japanese innocence and earnestness, is a must for visitors. Takarazuka perform elaborately staged and skilled musical adaptations of both Japanese and Western plays – also revues and standard musicals.

Highly improbable plots are more than compensated for by spectacular stagings and hug casts. Detailed English summaries in the programme – in case the original story is altered beyond recognition. Takarazuka Theatre, near Ginza and main hotels. Afternoon and evening performances. (591 1711).

WASHINGTON

The Wild Duck (Kreeger): Romanian director Lucian Pintilie follows his production of Tartuffe with the Ibsen classic, again using the stunning set and costumes of Radu and Miruna Boruzescu. Arena Stage (488 3300).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): In moving to Broadway, Herb Gardner's touching, funny and invigorating play about two oldsters retains its stars, Judd Hirsch and Cleavon Little, who almost conquer the world when they think they are just bickering with each other. (239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

LONDON

The Scarlet Pimpernel (Her Majesty's): Donald Sinden in resplendent plummy-voiced form as Baroness Orczy's one-man resistance movement to the French Revolution. Opera director Nicholas Hytner's efficient and sparkish production has smoke, tumbrils, rat stew and rolling heads. (930 4025).

As You Like It (Barbican): Much improved since last year's Stratford-upon-Avon season; Adrian Noble's loosely Edwardian productioo oow emerges as a secret-garden adventure where Rosalind (Juliet Steveoson) has the sisterly devotion of Celia (Fiona Shaw) threatened by Orlando (Hilton McRae). A superb Jacques from Alan Rickman. The RSC Barbican repertoire also includes a fine Othello with Ben Kingsley and, in The Pit, Christopher Hampton's absolutely breathtaking, unmissable version of Les Liaisons Dangereuses (628 8795).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 8184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

Barnum (Victoria Palace): Michael Crawford with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical. (834 1317, credit cards 828 4735).

Guys and Dolls (Prince of Wales): The 1982 National Theatre production. Richard Eyre's production and John Gunter's affectionately lavish designs complement this most joyful and literate of musicals, a fitting tribute to the recently deceased co-librettist Abe Burrows (930 8681).

Torch Song Trilogy (Albery): Antony Sher plays Harvey Fierstein's four-hour triptych of the life and loves of a drag queen fighting for emotional and domestic stability. Truthful playing has the effect of cruelly exposing Fierstein's tackily uneven writing. (836 3878).

Gigi (Lyric): Unconvincing stage revival of Lerner and Loewe's film follow-up to My Fair Lady, Beryl Reid rising inimitably above the material, Jean-Pierre Aumont and Sian Phillips lending more conventional support. John Dexter directs, Jocelyn Herbert designs. (437 3686).

Interpreters (Queen's): Love among the diplomats, according to Ronald Harwood has e superb role for the matchless Maggie Smith renewing a cross-cultural affair with Edward Fox in the shadow of a summit between The Soviet Union and Britain. Fluent direction by Peter Yates of the West End's best new play of the year. (734 1166).

Lennon (Astoria): A not too critical celebration of the life and music of John Lennon that is enjoyable especially for the musical resourcefulness of the cast and Mark McGann's Lennon look-and-sound-alike. (734 4287).

Are You Lonesome Tonight? (Phoenix): More musical hagiography with Alan Bleasdale's Elvis Presley show using flashback and excellent live recreations of the rock and roll hits to explain how Martin Shaw's magnificently wrecked and flabby King in crushed velvet jumpsuit has reached this pretty pass. Exploitative, but not strictly for tourists. (836 2294).

Les Misérables (Palace): Notably well sung and spectacularly produced rock opera from the Nickleby and Cats team of Trevor Nunn, designer John Napier and lighting man David Hersey. Colm Wilkinson superb as Jean Valjean. A melodramatic distillation of Hugo, and none the worse for that. The French score is rousingly melodic, with serviceable new lyrics from Herbert Kretzmer. (437 6834)

Blithe Spirit (Vaudeville): Excellent revival of Coward's eternal triangle comedy, notably well costumed and lit, with Jane Asher and Joanna Lumley fleshy and ethereal foils to Simon Cadell's sexually threatened suave novelist. Marcia Warren is a fine Arcati, a serious amateur in woollens and psychic research from South London. (836 9987).

Saleroom/Antony Thorncroft

For relieving Ladysmith

Sir George White accumulated in his 77 years probably more honours than any other Englishman, bar members of the royal family: a remarkable achievement for an Ulsterman from Whitehall, Co Antrim. By the time of his death in 1912 he had amassed seven sets of post nominal letters, as well as his Field Marshal's baton.

Yesterday, at Sotheby's, his family dispersed his medals and decorations for £60,500, the anticipated sum. Fortunately they were acquired by White's old regiment, the Gordon Highlanders. His greatest claim to fame is that he was commanding officer at Ladysmith during the four month siege by the Boers in 1899-1900. He was well into his sixties at the time and was lame, which, as he pointed out, would prevent him from running away.

His reward for his achievement at Ladysmith was the Governorship of Gibraltar. He had received a VC for his bravery in Afghanistan in the late 1870s, and in 1903 he accumulated his Field Marshal's baton, followed, in 1905, by the OM.

The morning session at one of the best medals and decorations auctions organised by Sotheby's totalled £96,354, with just 2.1 per cent unsold. Baldwin, the London dealers, paid £4,400 for a group of Napoleonic War medals, including a Waterloo medal, which carried a top estimate of £700 and £1,650 for eight medals awarded to Major General Simon Fraser of the Royal Marines who served in the Syrian campaign of 1793 and in the Crimea over 60 years later.

A coverlet of Fortuny velvet, patterned with flowers and birds, doubled its estimate at Phillips textiles and costumes sale, making £2,300. A pair of early 18th century ladies shoes sold for £950 and a similar pair from the late 18th century for £900, both way above forecast.

On May 20 Sotheby's is selling Alan Ladd's suit and the Duke of Wellington's drawers. They are part of a general sale, which ranges over toys, mechanical music and textiles. There is quite an extensive wardrobe of the Iron Duke's underwear, most carrying his monogram. From the same source comes two locks of his hair, taken before and after his death, and a well preserved service sheet for the wedding of Queen Victoria in 1840. All the ephemera was originally in the possession of the Duke's close friend, Lady Salisbury.

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Time to slow US arms costs

THE US administration and the Congress are now launched on what promises to be a heavy struggle over the fiscal 1987 budget, with both sides seeking to shift responsibility for the inevitable cutbacks to reduce the deficit. At the centre of this struggle will be the defence budget, for which President Reagan is seeking another very large increase in funding, in the hope that the cutbacks can be concentrated on domestic programmes. In a mid-term election year, this is entirely unrealistic; moreover, the administration's approach is unlikely to deliver coherent benefits to America's defence posture. It would be better for the Pentagon to curb its voracious appetite within more plausible limits, and to give some evidence that it is capable of reforming its lavish procurement methods.

The President has argued, yet again, that a continued defence build-up remains essential in order that the US can negotiate with the Soviet Union from a position of strength. This cry has been heard so often that it ceases to carry conviction. During Mr Reagan's first term there were substantial real increases in defence spending, to the point where it now accounts for about 7 per cent of US GNP, significantly higher than the majority of the Nato allies.

Credibility

There may well have been a reasonable case for the rearmament programme, and it was certainly what the public mood in America demanded at the time. But the mood has changed. Not merely is there no conclusive evidence that this is what brought the Soviet Union back to the negotiating table in Geneva it can have had little or nothing to do with the choice of a dynamic new Soviet leader whose apparently flexible and conciliatory posture has gone some way to mitigate the previous sense of international danger. This is not a time to be crying wolf; it is out of phase with events, and may even make more difficult the prospects for arms control.

Moreover, Mr Caspar Weinberger, the Defence Secretary, has undermined his own credibility by transparent attempts to fudge the figures. He claims that his $311bn request represents merely a 3 per cent real increase, in line with a long-standing Nato commitment. It may be 3 per cent more than he originally expected to get in fiscal 1986 but after cutbacks made by Congress, it represents a real increase of 8 per cent; furthermore, the Congressional Budget Office calculates that the Pentagon request understates the true costs by about $15bn.

Critics have claimed that the administration has deliberately inflated its defence budget request, in order to provide the Pentagon with the maximum insurance against eventual cuts imposed under the Gramm-Rudman deficit-cutting law, which would exact reductions across the board, equally in defence and civil programmes. The constitutional status of key provisions of Gramm-Rudman will remain in doubt until the Supreme Court pronounces later this year; but even if the automaticity of budget cuts is struck down, the law will still require Congress to reduce the deficit by a large amount.

Indictment

Many Congressmen, it is reported, believe that at the end of the day the administration will be lucky to get away with level funding for defence in real terms. If this is a sound assessment of the pressures at work, then it must be irresponsible for the Pentagon to pitch its demands so high; for the consequence is liable to be an abnegation of responsibility in the choice of priorities, in which the hard decisions will either be made by Congress or else evaded under the blind automaticity of Gramm-Rudman. This cannot be a prudent way to run a defence policy.

The interim report of the Packard Commission, set up last year in the wake of some spectacular defence scandals, passes a sweeping indictment of the shortcomings of the defence establishment. "Today, there is no rational system whereby the Executive Branch and the Congress reach coherent and enduring agreement on national military strategy, the forces to carry it out and the funding that should be provided." It proposes a number of reforms, including congressional approval of five-year defence plans, a two-year defence budget cycle, and more centralised procurement responsibilities in the Pentagon.

The pressures on the US defence budget are similar to those which Europe has experienced for the past few years, and the response needs to be similar: to look for more efficient and cost-effective ways of running defence policy. But this is not likely to make the trans-Atlantic relationship easier. If the administration is forced to settle for level funding, European governments can expect renewed complaints that they are not bearing their fair share of the Nato burden, and renewed pressure to increase their own defence effectiveness.

Alternatives to imprisonment

THE British Government is constructing one of the largest criminal justice bills ever brought to parliament in a way which misses one of the most pressing points: UK imprisons more people both in absolute terms and in proportion to its population than any other major country in Western Europe except Turkey. This remains the case if all the Northern Ireland statistics are excluded.

This is so shaming a reflection on Britain's sentencing policy that the failure to address it overshadows the many sensible reforms suggested by Mr Douglas Hurd, Home Secretary, in the legislative plans published yesterday. Indeed, it is surprising that many have not been included in previous Criminal Justice Acts, the last of which was in 1982: making compensation a legal right for victims of violent crime, widening the maximum corruption sentences beyond the narrow confines of public contracts, and indexing maximum fine levels to annual increases in the inflation rate.

There is real public concern about law and order, but politicians need to tread slowly and warily in trying to respond through legislation, whether by raising maximum penalties of doubtful effect or by trying to prevent lenient sentences.

Challenge

The plans are at their most controversial where they concern changes to the rights of the defendant. The tendency seems to be to give law precedence over justice—the plans for juries, still "green" and open to comment, for instance. Defending counsel can currently challenge up to three jurors without reason, a small but valuable right for defendants who might not want, say, an all-male or all-white jury. Replacement jurors are drawn as randomly as the first 12, so nothing may change, but the challenge is a right which ought to be left in place until there is an overwhelming case for changing it.

The behaviour of capricious lawyers in multi-defendant cases, where the right of each to object to three jurors has led to entire juries being removed, are a greater cause for concern. But even here the random nature of juries indicates that it is more of an administrative nuisance than a threat to fair and just trials.

Mr Hurd gives a welcome indication that many of the recommendations of Lord Roskill's Committee on Fraud Trials are to be incorporated in the bill, but is still undecided about the key suggestion of replacing juries with panels of expert assessors in complex fraud trials.

Defaulters

The White Paper is at its least convincing in its approach to custodial sentences for young people and the problems of fine defaulters.

Detention centres are half empty and youth custody centres are overburdened. Thus the plan is to use detention centres for youth custody. But it must be asked whether anyone under 18, let alone under 15 should be in custody for anything other than an offence of the gravity of murder, manslaughter, rape, arson and grievous bodily harm.

Similarly, the faster the Government proceeds with the prison building programme, the faster people are being imprisoned in Britain—people who would not find themselves in jail in most other West European states. They include some motoring offenders and a remarkable number of fine defaulters—more than 20,000 in 1984.

The Government asks for ideas on fine enforcement while dismissing an approach which in other countries has proved a civilised and effective solution for both default and many imprisonable offences—weekend and part-time prison which deprives an offender of valuable freedom without ruining his chances of remaining within work and society.

Spaniards vote on Wednesday in a referendum which will probably decide whether the country stays in Nato. **David White** reports from Madrid

Gonzalez and the key question (above) with demonstrators against Spain's membership in Madrid (below)

Gonzalez goes for his biggest gamble yet

IN "The Dangerous Summer," published last year, 25 years after his death, Hemingway wrote of the real-life rivalry of two bullfighters in Spain in 1959, and the way they would try to establish their superiority by letting the bulls' horns pass closer and closer to their bodies. He did not spare the description when they passed too close.

There is something of the same recklessness in Mr Felipe Gonzalez's determination to go ahead next Wednesday with a referendum on whether or not to keep Spain in Nato. Since the Prime Minister brought his Socialist Party around to a qualified pro-Nato stance, the Spanish Congress is about 95 per cent in favour of staying in. By maintaining his old promise of putting it to the popular vote, Mr Gonzalez seems to be tempting fate.

This is not the first time Mr Gonzalez has diced with death. In 1979, three years before coming to power, he stood down as leader of the party over the issue of its remaining ties to Marxism, only to be triumphantly re-elected a few months later. After that first big gamble—essentially persuading a party of Marxist tradition to ditch that part of its doctrine—he is now taking a second and possibly riskier one in trying to persuade a neutrally-inclined country to endorse the Socialists' later-day conversion to Nato.

The US, West Germany, Italy, Belgium and the Netherlands are all understood to have urged Spain not to hold the referendum—the first time an ally has put its membership to a direct vote. So why did Mr Gonzalez box himself into this corner?

When Spain became a member, many people felt it was "joining for nothing"—without, for instance, any certainty at the time as to whether it would succeed in gaining entry to the EEC. The Socialists were defeated in 1981 when parliament gave authorisation to join, and called for a referendum. By the 1982 elections, with Spain already in, they were retreating from their anti-Nato position, but not fast enough. Mr Gonzalez knew already he did not want to pull out, but the referendum pledge included in the programme was still interpreted as a referendum to *leave* the alliance.

Maintaining the vote is the only point of consistency between the Socialist position five years ago and now, other than the argument that Spain should avoid rocking the East-West boat (used then against joining Nato and now against withdrawing from it). Socialist leaders also say they want to give a democratic foundation to Spain's decision to be a member, an issue which set parliament at clear odds with public opinion.

The official campaigning period for the referendum, ending on Monday, will have been short, sour and intense. If the government comes home on Wednesday night with a "yes" majority it will be largely Mr Gonzalez's personal victory.

The opinion polls broadly agree on a progressive increase in the "yes" vote against the "noes" — at the time Spain joined Nato in 1982 the latter were clearly in the majority — but not on whether this switch has enough momentum to carry the referendum for the government. The main conservative opposition party has made the outcome utterly unpredictable by calling on its mostly pro-Nato supporters to snub the occasion. The level of abstention could be the determining factor.

As the bull of a possible "no" bears down on him, Mr Gonzalez has been showing some tricky work with the cape. He has hinted to the allies, for example, that a re-elected Socialist or Socialist-led government would somehow be able to recover the situation and prevent the Western camp's first defection from taking place. But his message to the Spanish public is the reverse: the government will obey the voters' orders to the letter, and so the voters had better take the referendum seriously.

It is questionable to what extent the Government has really thought through what it will do if it loses. Some prominent members of the Socialist left, convinced to the last that the referendum cannot be won, subscribe privately to these doubts. Mr Gonzalez himself, in the face of opinion polls which have been much more adverse than his advisers expected, has tried in the last few days to play down the prospect and not to tie his own future to the outcome.

Under Spain's 1978 constitution a referendum can only be "consultative." (Curiously, this was an amendment proposed by the Communists, who have been the most insistent that this one should be binding.) However, as Mr Alfonso Guerra, the Deputy Premier and Socialist campaign chief, puts it, once a referendum has been held "a democratic government cannot do the opposite."

This means that the Government would feel obliged to denounce the Nato Treaty (Treaty of Washington), for which it would require parliament's say-so. It would also call elections, which were due anyway in the autumn, at the earliest opportunity, probably in June.

What would happen from then would depend on the platform the Socialists adopted on Nato in the light of the referendum result, and on the distribution of seats in the new congress, where the party, now in an absolute majority, might have to rely on support from one or more of the centre parties.

From that moment, two theoretical options would be open. Under the Washington Treaty, Spain would be giving a year's notice of its withdrawal. A low referendum turnout, and/or a narrow result would give the Government a margin for arguing: "We didn't win, but we didn't really lose, either" and for attempting to sidle back into Nato after the elections by rescinding its withdrawal notice. It would seek to regain credibility with the electorate by obtaining the promised cuts at Spain's US bases.

Alternatively, the Socialist Party would take the popular rejection of Nato fully on board and Spain would prepare for leaving, trying as best it could to limit the damage to its foreign relations and to its defence-linked industrial co-operation programmes. In the interim, Spanish representatives would be able to continue sitting on Nato committees. Spain might stay in Cocom, the organisation which vets exports of sensitive Western technology, in order not to lose US investments in advanced electronics.

> Socialist planners admit to the use of 'a certain calculated ambiguity'

Win or lose, the Government has made some gross errors of judgment. First, it seriously underestimated the vigour of anti-American feeling in Spain, which underpins the whole anti-Nato movement. The strength of this emerged during President Reagan's visit last May.

Rooted in US support for the Franco regime, the lack of world war ties, and resentment of the US role in Latin America from the last century to the present, it is the first time this diffuse anti-American sentiment has made a political impact. It has been the vehicle for a revival of the extra-parliamentary left, also underestimated by the Socialists. (Parliamentary opposition to Nato is limited to the depleted Communist Party and tiny regional left-wing parties.)

Second, the Government did not reckon with the number of voters who appear determined to vote "no" to Nato just to "punish" the Government for acting high-handedly and for failing in its promises to bring jobs and income gains. And third, it was taken completely by surprise by the "active abstention" policy adopted by Mr Manuel Fraga, the testy Conservative leader. The common ground Mr Gonzalez wanted to establish with Mr Fraga on the Nato issue fell away when they clashed over the question of integration in the Nato military command structure — a process frozen by the Socialists the moment they took office and due to remain at point zero if they win the referendum — and over the staging of the referendum.

This leaves the Socialist Party in an uncomfortable and paradoxical position, out on its own. If Spain does quit Nato it will be largely the doing of the Right which has always been in favour of membership. The situation has the makings both of a classical tragedy (in which the hero is brought down by a fatal flaw of hubris) and of a Whitehall farce (in which everyone runs back and forth slamming doors and getting into the wrong beds).

Socialist planners admit the party used "a certain calculated ambiguity" on Nato following its arrival in power in 1982, six months after Spain joined the alliance. The party has taken five years to change its mind on Nato, and has left the conversion of its voters to the last minute.

One argument it uses to defend Nato is that withdrawal would hit exports and investment, which depend 75 per cent on Nato members. It emphasises the European side of Nato as an alternative to bilateral defence ties with the US; it can sell the alliance only on the basis of strengthening links with Europe.

The nostalgic extreme Right has probably done Mr Gonzalez a favour by joining the "vote no" camp, since it provokes more antipathy than it carries votes.

Many army officers, xenophobic and set in their ways, were opposed to joining Nato in the first place, although they may equally dislike the idea of a government of the Left taking Spain out. One of the original arguments which the previous centrist administration used for joining was to take the armed forces out of their "ghetto" and give them a new external mission. Nato provided a pretext for embarking on military reforms.

Nobody knows how the army would actually vote, since a planned opinion poll on the issue was stopped. But rather than the present situation, the military would doubtless prefer to go the whole distance and be fully integrated in the alliance. On the other hand, non-integration has some compensations. From an allied viewpoint, it at least avoids arguing about the distribution of commands. From a Spanish viewpoint, it allows defence spending to be concentrated on the southern flank where the perceived threat is greatest.

But it remains to be proved that the referendum is good for Spanish democracy. In some ways, it has put the system under strain, dividing the country in a manner not seen in recent years, returning it to an era of petty politicking.

Stress is taking its toll on both the main parties. The Socialists are banking on a closing of ranks, but have left part of their union and youth movements behind them. On the right, there are signs of revolt against Mr Fraga's abstention stance. Voters of both Left and Right feel suddenly disoriented.

"I have not been wise all my life," Mr Gonzalez said in a recent interview, talking of his about-turn on Nato. When it comes to political feel, however, his wisdom has never failed—so far. This weekend he may well be pondering some cautioning tales: such as General de Gaulle's 1969 referendum on regional reform, which led to his resignation, or Chancellor Kreisky's 1978 referendum on nuclear energy, when the "noes" also won. Referendums can spring nasty surprises.

Men and Matters

Merrill lures von Clemm

Michael von Clemm, who was yesterday appointed head of Merrill Lynch Capital Markets in New York, is sometimes called the resident intellectual of the Eurobond market. The Harvard and Oxford educated banker will thus be bringing more than a bit of brain to the brawn of the "Thundering Herd."

Few bankers in the Euromarkets have quite the same depth of professional experience. Among other accomplishments, von Clemm's curriculum vitae lists a spell as a crime reporter on the Boston Globe, a professorship at Harvard Business School and anthropological research in Indonesia. He is also a noted gourmet, and chairman of Roux Brothers, owner of Le Gavroche, one of London's top French restaurants.

When von Clemm suddenly resigned as chairman of Credit Suisse First Boston in January, nobody guessed that he would shortly reappear at Merrill Lynch, the company's arch-rival in the Eurobond market. After eight years as chairman of CSFB, it was assumed that he was simply looking for something different to do. At one stage, he was even touted briefly as a possible president of the World Bank in succession to the outgoing Tom Clausen.

Now, it appears Merrill made von Clemm an offer he could not refuse. The broad reach of Merrill in retail as well as wholesale business, and in equities as well as bonds, is an obvious attraction. Cynics would say that after a tremendous run last year, wholesale Eurobonds are not enough. "Global markets" is the buzzphrase now. Merrill's worldwide network makes it ideally placed to cope.

"Militant Tendency jeans and Derek Hatton suits, I suppose"

Right turn

Morgan Grenfell, the once sleepy merchant bank which lately has been forging ahead in the City of London's corporate finance stakes, aims to burst upon the French financial scene as well.

The bank is hiring Jean-Pierre Souviron, a leading French industrial pundit with strong connections with the Right Wing opposition, to take over as chairman of its five-year-old Paris subsidiary later this month.

The timing seems to be impeccable. Morgan Grenfell has played its part in Mrs Thatcher's privatisation moves during the last few years.

In France the bank has been discreetly discussing for several months the problems involved in managing a wholesale denationalisation of French state-owned companies and banks—something promised by the Right if it wins power, as widely expected, in the March 16 general elections.

Souviron has been with the Matra electronics group in the last few years. He won his spurs in the closing years of the administration of President Giscard d'Estaing as head of industrial affairs at the industry ministry.

Britain's Bond

Twelve Metre yachts, the class which competes for the America's Cup, are slow boats by the standards of modern design. "Do what you like with them but they can't sail at more than 7.9 knots upwind," says Harold Cudmore, Britain's skipper designate for the forthcoming challenge.

When the next America's Cup event is sailed off Fremantle, Australia, in a year's time the interest will lie more in the colourful, contending entrepreneurs than the boats themselves.

The London stockbroker James Capel has forked out £100,000 for a support boat to the British contender. That will be excellent PR for James Capel which is shortly to become a subsidiary of the Hongkong and Shanghai Banking Corporation.

But a donation of £25,000 towards the British challenge, just made by Alan Bond, calls for much closer scrutiny. Bond is English-born but he has made his fortune in Western Australia. And Bond personally wrested the America's Cup from the Americans with his Australian challenge.

Why then should Bond be backing the British? The answer seems to be that he, like all Australia, is anxious that the 1987 America's Cup contest should be the biggest sporting event the world has ever seen. And such a spectacular will require the presence in Fremantle of a member of the British Royal Family.

Bond may feel that his support of the British yacht may not go unnoticed in Buckingham Palace.

I am told that a mooring for the Royal Yacht Britannia has been tentatively reserved at Perth-Freemantle.

County town

St Helens has a yearning to go back home to its county of Lancashire.

In 1974 when the metropolitan counties were formed—Conservative minister Peter Walker has a lot to answer for—the town was shunted unwillingly into Merseyside. There was very little affinity. In St Helens football has pointed ends in the old rugby-playing Lancashire tradition, while on Merseyside they generally favour the round ball game.

And St Helens natives speak with soft Lancashire accents. Frankly they find their "scouse" speaking Liverpudlian neighbours almost unintelligible.

With the Merseyside metropolitan county being axed at the end of the month, after a 12-year life, St Helens chamber of commerce told the Post Office of its yearning to put Lancashire back into its postal address. The Post Office sternly refused and said that a survey of major users in the area had shown no desire for the change.

That came as a surprise to the chamber's chairman, David Wood, who also heads the information department at Pilkington Brothers, the biggest employer in the area.

No one had ever asked the company for its view—possibly, says Wood because they knew the answer would be in favour of a switch back to Lancashire for the town.

When asked to make a New Year's wish, Antony Pilkington, the glass giant's chairman, requested . . . "A speedy return to Lancashire."

The town's businesses are now thinking of taking the Post Office to task by unilaterally dropping Merseyside from their addresses and claiming to reside simply in St Helens.

Observer

BASE LENDING RATES

ABN Bank	12½%	Heritable & Gen. Trust	12½%
Allied Dunbar & Co.	12½%	■ Hill Samuel	§12½%
Allied Irish Bank	12½%	C. Hoare & Co.	12½%
American Express Bk.	12½%	Hongkong & Shanghai	12½%
Amro Bank	12½%	Johnson Matthey Bkrs.	12½%
Henry Ansbacher	12½%	Knowsley & Co. Ltd.	13 %
Associates Cap. Corp.	12½%	Lloyds Bank	12½%
Banco de Bilbao	12½%	Edward Manson & Co.	13½%
Bank Hapoalim	12½%	Meghraj & Sons Ltd.	12½%
Bank Leumi (UK)	12½%	Midland Bank	12½%
BCCI	12½%	■ Morgan Grenfell	12½%
Bank of Ireland	12½%	Mount Credit Corp. Ltd.	12½%
Bank of Cyprus	12½%	National Bk. of Kuwait	12½%
Bank of India	12½%	National Girobank	12½%
Bank of Scotland	12½%	National Westminster	12½%
Banque Belge Ltd	12½%	Northern Bank Ltd.	12½%
Barclays Bank	12½%	Norwich Gen. Trust	12½%
Beneficial Trust Ltd	13½%	People's Trust	13½%
Brit. Bank of Mid. East	12½%	PK Finans. Intl. (UK)	13½%
■ Brown Shipley	12½%	Provincial Trust Ltd.	13½%
Cl. Bank Nederland	12½%	R. Raphael & Sons	12½%
Canada Permanent	12½%	Roxburghe Guarantee	13 %
Cayzer Ltd.	12½%	Royal Bank of Scotland	12½%
Cedar Holdings	13 %	Royal Trust Co. Canada	12½%
■ Charterhouse Japhet	12½%	Standard Chartered	12½%
Citibank NA	12½%	TCB	12½%
Citibank Savings	¶12½%	Trustee Savings Bank	12½%
City Merchants Bank	12½%	United Bank of Kuwait	12½%
Clydesdale Bank	12½%	United Mizrahi Bank	12½%
C. E. Coates & Co. Ltd.	13 %	Westpac Banking Corp.	12½%
Comm. Bk. N. East	12½%	Whiteaway Laidlaw	13 %
Consolidated Credits	12½%	Yorkshire Bank	12½%
Continental Trust Ltd.	12½%		
Co-operative Bank	*12½%		
The Cyprus Popular Bk.	12½%		
Duncan Lawrie	12½%		
E. T. Trust	13 %		
Exeter Trust Ltd.	13 %		
Financial & Gen. Sec.	12½%		
First Nat. Fin. Corp	13½%		
First Nat. Sec. Ltd.	13½%		
■ Robert Fleming & Co.	12½%		
Robert Fraser & Ptrs.	13½%		
Grindlays Bank	‡12½%		
■ Guinness Mahon	12½%		
■ Hambros Bank	12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.70%. 1-month 9.60%. Top Tier—£2,500+ at 3 months notice 12.06%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 9% gross.
¶ Mortgage base rate.
§ Demand dep. 8¾%. Mortgage 13%.
NOTE: The symbol shown against Hill Samuel Base Rate on February 24, 25 and 26 was incorrect.

POLITICS TODAY: NORMAN TEBBIT

Chairman of the raucous faction

By Malcolm Rutherford

ALTHOUGH Mr Norman Tebbit was in many ways the obvious appointment as Conservative Party chairman for the run-up to the next British general election, there was always an element of high risk about it. As Mr Tebbit's return to his old form in the last few weeks has begun to demonstrate, he can still be a pretty abrasive figure. Too abrasive for the times perhaps?

First, some background. Mr Tebbit was the obvious appointment for three reasons.

● He had let it be known that he wanted the job. The job itself is crucial when the Tories start preparing for an election campaign: that is, about two years before a general election takes place.

● He epitomises Mrs Thatcher's Conservative Party: a man who when the party was in opposition was a kind of Tory Dennis Skinner, capable of extreme political harassment. He became a junior minister when the Tories won in 1979: even that was a surprising elevation, to him as much as anyone else. In 1981 he became Employment Secretary and carried through some of the Government's most important reforms of the law affecting industrial relations. Two years later he was made Secretary for Trade and Industry. Mr Tebbit is a modern Tory success story.

● The two other obvious candidates for the chairmanship were Mr Peter Walker, the Energy Secretary, and Mr Michael Heseltine, then the Defence Secretary. Both were reasonably well-known in the country and could have carried out the bell-ringing function of the office once undertaken by Lord Hailsham. Both had a reputation for efficiency. The trouble was that either of them might have quarrelled with Mrs Thatcher on policy.

It would not have done for the chairman of the party and the Prime Minister to have been seen to be publicly at odds. Mr Heseltine has already shown how right the judgment was in his case. Mr Tebbit is unlikely to quarrel with Mrs Thatcher or his Cabinet colleagues in that way: not because he is sycophantic (far from it), but because he is, or at least has been, politically more astute.

He could still cause problems, however, if his judgment were to falter and if he were to misread the spirit of the times.

The reason why relatively little has been heard from Mr Tebbit in the six months or so since he became chairman is the after-effects of the Brighton bomb at the Conservative Party Conference in 1984, which nearly destroyed him and his wife. He now seems much better and is beginning to make up for lost time.

One point is clear: he has not been mellowed by physical adversity, though perhaps he has always been slightly mellower underneath the skin than he sounds. Mr Tebbit enjoys a fight.

There he was this week attacking the Inner London Education Authority for driving children to truancy and declaring, in effect, an "education-free zone." "I don't think the kids are stupid," he said. "They know that academic standards in London are poor . . . Give them a good school, good discipline and good teaching, and they will go to school." He was particularly amused that he was then accused of incitement to truancy. That is the way Mr Tebbit works.

A few days before he had spoken of "dirty and cheap anti-Americanism . . . practised by dirty and cheap political parties," meaning the Labour Party and the SDP-Liberal Alliance in their attitude to a possible US takeover of BL. He was widely criticised for the savagery of his remarks, but again he was unrepentant.

Some of the criticism has come from within the Tory Party. Mr John Biffen, the Leader of the House of Commons who has declared himself a consolidator of Tory achievements rather than any longer a radical, recently delivered an oblique but unmistakable attack on the chairman. "Toryism," he wrote, "is not a raucous political faction." Mr Douglas Hurd, the Home Secretary, pointed in the same direction when he said: "We can't win by scragging our opponents."

Mr Tebbit responds that there is no prospect of his changing his aggressive style. Raucousness, he says, is part of the job. "It is the function of the chairman to see that the hard core of party supporters feels confident and assured." That is what he claims he is doing.

Several of the ways in which he is going about it are conventional by Tory standards when an election campaign is getting under way. He is changing and increasing the personnel of the party's Central Office. He has appointed Mr Michael Dobbs, formerly deputy chairman of Saatchi and Saatchi Compton, as chief of staff: a new post. He is beginning to spend more money and will do so on a steadily rising curve.

A lot of it is about trying to identify the wobbles in Tory support. Mr Tebbit is unusually reticent in saying where these are. Presumably they are the Labour voters who switched to the Tories in 1979 and 1983, and the Tory voters who may be tempted to switch to the Alliance. He admits to some concern about the young, the people who, he says, have not been round long enough to remember "bow bad things used to be."

That is why, he goes on, the Tories should not seek to present an image of perfection, because manifestly everything is not perfect. Tory change must go on. In a reference to Mr Biffen—"I've heard that there's some group in the party called consolidationists or something"—he says that there can be no question of tha manifesto next time being headed, "Steady as she goes." Mr Tebbit will bave none of that.

He is slightly patronising abont Mr Cecil Parkinson, his predecessor but one and the man who engineered the election victory in 1983. "The difference between Cecil and myself is that he was a comparatively unknown figure, whereas I arrived with an already high profile."

It is this high profile that one sometimes wonders about. Is it really quite as high as he thinks, at least outside the ranks of the Tory activists? And, even if it is, is it the right profile for the late 1980s?

Mr Tebbit is a much more complex figure than he is sometimes presented. His aggression can conceal what is no more than an impishness, a sense of fun and a delight in exaggeration like saying: "What I really think is that the Tories should win all of the votes all of the time . . . I may have to adjust a bit if we lose the by-elections."

(As of Wednesday it had not occurred to him that the sensible strategy would be to hold all three outstanding Parliamentary by-elections on the same day as the local elections on May 8 and get all of the bad news out of the way at once. But he seemed awfully tempted by the idea.)

There are also apparent contradictions in his political beliefs. Mr Tebbit describes himself as an economic liberal, but he is far from being liberal on other matters.

The Sunday Trading Bill now before Parliament is an illustration. Mr Tebbit says that he is 100 per cent behind it as, he claims, is the entire Cabinet. It is not as big as the sale of council houses or privatisation, both of which he supported fervently, but it is along the same sort of lines of encouraging consumer choice.

Yet it has run into an unusual amount of opposition from the churches, the shopworkers' union and the general public. Mrs Thatcher told the House of Commons last week that the Government had received 40,000 letters in protest and only 800 in favour.

How does Mr Tebbit square his permissiveness about Sunday shopping with his frequent attacks on the permissive society, which he says was introduced by Mr Roy Jenkins when he was Home Secretary? He has an answer up to a point. The present situation is a mess and full of anomalies: some Sunday traders can afford to trade illegally and pay the fine, and some cannot. It all had to be cleared up, and anyway the new law will not compel shops to open on Sundays nor compel people to go shopping. All of which is true, yet the permissiveness stops with the economic liberalism and the desire to tidy up the law.

Mr Tebbit's darker side came out in his Disraeli lecture last November: "I believe that by the 1990s we shall see the effects of a revulsion against the valueless values of the permissive society . . . The public will demand that television producers think about the effects of what they broadcast upon impressionable people—and in the end it will happen."

Not surprisingly, he is again sticking to what he said. Rather more surprising was that in a conversation this week he was unable to produce any evidence. In the end he was reduced to saying that he thought all television soap operas, kitchen sink dramas, programmes about the police and programmes about business were bad because they projected violence beyond the level of violence in society.

He said he was calling for voluntary restraint now in order to prevent a demand for censorship later.

Anyone who watched the return of Dallas on BBC this week may have wondered why the corporation was devoting so much time and money to such meaningless drivel, but they can hardly have worried about the violence.

They may also have noticed that the real violence took place on the news: for example, the riots in Northern Ireland. It seems to me that Mr Tebbit is on dangerous ground, though he insists he has read the popular mood, as he has undoubtedly done before.

Some words from Mr Michael Foot, the former leader of the Labour Party, come to mind after he had lost the 1983 election. A cardinal rule of British politics, he wrote, is never to underrate the Conservativa Central Office. "They will stop at nothing, stick at nothing, bowdlerise anything and assert interest at supreme moments of pressure."

Mr Tebbit should be up to the challenge, but only if it is the right challenge for the times.

Lombard

The true cost of life policies

By Clive Wolman

AFTER DECADES of talking the British public into buying lifa insurance in large and perhaps unnecessary quantities, the foot-in-the-door salesman is *at last being tackled head-on by* Parliament.

The regulation of the 100,000 or so individuals who market life insurance in one way or another is the one issue in the Financial Services Bill which affects directly the majority of voters. Back-bench MPs have challenged the vested interests of the insurance industry and their Civil Service allies. In the process, they have exposed the weaknesses in the proposed system of self-regulation for the City.

For years, the Department of Trade and Industry has acted more as a collaborator with the insurance industry than as its regulator. Look, for example, at the special treatment it afforded the insurance companies in the era of price controls or in the drafting of the Unfair Contract Terms Act.

True to form, when drawing up the Financial Services White Paper and Bill last year, the DTI officials (albeit with some dissenters) acquiesced in proposals which could grant insurance salesmen a unique exemption from a fundamental principle of the common law which they enshrined in numerous other clauses in the legislation. Insurance brokers and salesmen were to be exempted from the obligation to tell customers about the commissions they earn from recommending a policy if they abided by a scale *set by an industry cartel.*

Miboc, a committee empowered by the financial services legislation to draw up the detailed rules for selling insurance, also acted true to form. The committee is made up of a majority from the insurance industry with only one consumer representative. It published rules which lay down a tortuous procedure for the customer to follow before he can find out (if he is lucky) the following:

● That the salesman who persuaded him to buy a typical long-term endowment or unit-linked policy and spent less than an hour on his case will expect to earn about £500 in commission.

● That over 20 per cent of the value of all his premiums into such a policy will be eaten up in charges *rather than being* invested or allocated to buy insurance cover.

● That if the salesman had recommended a pure term assurance policy or a different savings medium, his commission would probably be at least 90 per cent lower.

The record of Miboc so far is a warning of how easily the self-regulatory organisations envisaged in the Bill can ride roughshod over consumer rights to protect the interests *of their industries.*

The House of Commons standing committee has told Miboc to go back to the drawing board. Insurance industry representatives now suggest they will devise new and highly complex methods or remunerating their salesmen and charging their customers. To satisfy the new disclosure requirements, these methods may have to be explained in the fine print of a weighty legal document to be given to the customer — and the customer will be *none* the wiser.

Insurance companies have already shown great skill in obscuring the charges paid by their customers. Actuaries never disclose the expensea they charge against tha investment income of their traditional with-profits policyholders. The charges on unit-linked policies have also been obscured, *quite deliberately,* by such esoteric devices as high charging "capital units" and 105 per cent allocation rates.

Similar practices used to be adopted by providers of instalment credit until the Consumer Credit Act required them to use an actuarial formula based on discounted cash flows to rednce all their charges to a single figure, the Annual Percentage Rate of interest. Using a similar formula, insurance companies could also be obliged to quote on all relevant literature their charges as a percentage of the premiums paid.

As for commission disclosure, the salesman or broker could simply be required to ask any customer to whom he has sold a policy to sign a document saying "The insurance broker, Mr X, has told me that he will be paid a maximum of (say) £550, including all indirect benefits, for recommending and selling to me the above policy. I have agreed that he may keep this payment."

Letters to the Editor

Are mergers good for industry?

From Mr S. Blunt

Sir,—Are takeovers and mergers really in the best interests of British industry? Since 1963 a total of 15,909 companies have been acquired by other companies for a total of £92bn at today's prices (as reported on March 3). If mergers and acquisitions are really so good for industry in Britain, one would have expected British industry to he leading the world today. With the post-war industrial decline continuing, can we afford to allow unbridled merger-mania to continuc?

I believe that the Chancellor should includa in his Budget changes to make it more expensive for companies to buy shares in other companies, so that leaders in industry direct their energies and talents to improvements in quality, to new product development, to better marketing and to employee training, instead of to self-aggrandisement by takeover.

Simon Blunt.
Pitt Vale Farm House,
Pitt, Winchester, Hants.

The nuclear field

From Mr D. Lowry.

Sir,—I would like to make separate comments on your feature on the future of Britain's nuclear industry and the letter on Sellafield from Dr Little (both February 25).

In discussing the role of safety inspection she suggests the International Atomic Energy Agency carries ont the task adeqnately. The IAEA carries ont safeguards inspection not environmental safety assessments; those safeguards inspections the IAEA does undertake are limited to monitoring foreign spent nuclear fuel stored in cooling ponds at the Sellafield site. The major Windscale reprocessing work consists of management and separation of British nuclear materials, not overseen by the IAEA.

With regard to the comment in the former article that Lord Marshall "had no part in the reactor decisions of the last two decades," this surely underestimates the important indirect role Sir Walter, as he then was, played in establishing the pressurised water reactor as an option to he considered in the debata over reactor choice.

In March 1974 David Fishlock wrote that Sir Arnold (now Lord) Weinstock expected to have several years' work in close association with the UKEAE to establish the safety of the PWR system. Nearly six months earlier Sir Walter bed been asked by Sir John Hill, UKAEA chairman, to head a study group to assess the integrity of the PWR pressure vessel. As Lord Marshall has made clear since, although he *began as a sceptic,* by the time the Marshall report was completed 2½ years later, with considerable help with blueprints provided by Westinghouse, he was convinced a safe PWR could be built.

It was Sir Walter who acted both as the government's chief civil nuclear adviser as director of AERE Harwell, and deputy chairman of the UKAEA, when in the late 1970s first Tony Benn then David Howell had to decide as respective Energy Secretaries whether tha PWR should be taken up. Now of course ba chairs the Central Electricity Generating Board which wants to huild PWRs. Lord Marshall has had quite considerable involvement, of that there is no doubt.

David Lowry.
Energy Research Group,
Open University,
Walton Hall, Milton Keynes.

Make or break year

From the managing director, Babcock Power

Sir,—I compliment David Fishlock and Max Wilkinson on a very balanced presentation "British nuclear industry—the make or break year" (February 25). It is indeed just that.

Central Electricity Generating Board plants will soon be reaching the age when replacements have to he mede; and so an ordering programme is imminent. The question of what is to be ordered is covered well *in the article and commented* upon by your correspondents (Mareb 3). There is no room for more than one type of nucle for more than one type of nuclear reactor in the new programme. CEGB has great technical strength and through close relationships has access to the operating experience of brother utilities throughout the world. Why is it that so many people outside the decision making process seem to believe that they are so much better abla to judge what CEGB requires than CEGB itself? The Westland board recently had similar problems.

Speaking for the manufacturing industry which has had two CEGB orders in 13 years and has existed only by its efforts in tha export field, what is needed now is a quick, clean and lasting decision so that we can play our part most effectively; and hy the experience gained go on to take a greater share of the export market.

R. H. Campbell.
165 Dover Street, SE1.

Arbiters of suitability

From Mr M Winner

Sir,—John Hunt (March 6) did well to clarify the current position regarding the endless re-writes of the Churchill amendment to the Obscene Publications Act which in its current form has withdrawn from its previous absurdities regarding TV and radio.

There remains what we believe is e harmful proposal, to be debated next Wednesday in committee, regarding pictures in magazines, newspapers, books, etc.

The present wording calls for "Persons under the age of 18" as the group to be considered in relation to any court proceedings.

Although Mr Churchill still states his only ohjectiva is to deal with the more explicit brands of sex magazines, the wording he is putting forward would also entrap illustrations in serious art books, medical books, museum catalogues and other printed work which has up to now been unassailable under the 1959 Act.

It seems a dangerous concept to introdnce into British law the idea of a young person being the arbiter of what is suitable for adults. It is greatly to be boped that, even though time is short, this flaw will be dealt with before the Bill is passed.

Michael Winner
(for the Directors Guild of Great Britain),
6-8, Sackville Street, W1.

Employee share ownership

From the Head of Communication Services, National Freight Consortium

Sir,—It was a happy coincidence that David Brindle's article on the report on employee share ownership schemes should have appeared in the same issue of your paper (February 28) es the letter from the chairman of the Wider Share Ownership Council.

The Incomes Data Services study may not be able to report any strong evidence for changes in worker attitudes when they own shares in their company, but, as Mr Palamountain quotes in his letter, in referring to the National Freight Consortium, "professional management and employee ownership are proving a powerful combination."

There is no doubt in the minds of the NFC board and senior management that when *managers and staff at all levels* are given the opportunity jointly to own the business they work in, and are able to participate in the structure of decision making, the result is a change in attitudes that greatly enhances the performance of the company. In NFC, as a service business, this has also bad a marked effect on the interface with the customer.

Brian Cottee.
45 St Peters Street,
Bedford.

Armies of direct salesmen

From Mr J. Ward

Sir,—I read with interest Mr Short's article (February 24) on the MIBOC proposals and I feel that he seems to have ignored the dangers of unfair competition in that if these proposals are carried through wa will end np with armies of direct salesmen masquerading as brokers and the true brokers who *attempt* to offer a relatively unbiased and professional advice service will be squeezed out of the market.

The legislation seems to be slanted towards regulating brokers while the insurance companies, who wrap up their expense charges in actuarial complications so that tha lay person cannot possibly ascertain the *actual cost of his insurance/* investment plan, are allowed to get away with, in some cases, enormous charges with no proper warnings as to severe *early surrender penalties.*

A large part of life assurance related business comes from direct salesmen who are, effectively, paid twice as much as the *broker because their* offices ara paid for by the insurance company. So if these proposals go through you could well find brokers turning themselves into direct salesmen.

Furthermore the proposed legislation with regard to part timers seems to be extraordinarily lax. The insurance industry is being critisised for allowing salesmen without any proper knowledge to sell pensions and insurance plans and now comparatively inexperienced bank and building society clerks will not be subject to the full rigours of control and responsibilities required for registered insurance brokers.

J. D. Ward,
55 Lincoln's Inn Fields, WC2.

FINANCIAL TIMES

Friday March 7 1986

US BIDDER PROMISES TO MAINTAIN UK AND EUROPEAN CONTENT

GM will 'keep Leyland British'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN GENEVA

GENERAL MOTORS of the US has given assurances to the UK Government that it will maintain the British and European content of Leyland trucks and Land Rover vehicles at their current levels if its bid for the companies is successful.

Four groups, including GM, have bid for Land Rover-Leyland, subsidiaries of state-owned BL.

Mr Bob Price, executive vice-president, General Motors Overseas Corporation, who is heading the GM negotiating team, said yesterday that GM had also given assurances that production of Land Rover and Range Rover vehicles would be continued at Solihull in the English West Midlands.

"With Land Rover and Range Rover we would want to trade on the current British image," he added.

GM has also given undertakings that research and development and engineering for Leyland trucks and Land Rover vehicles would be retained in Britain.

He pointed out that the current UK content of trucks made by Bedford, GM's subsidiary in Britain, was 95 per cent, and 65 per cent for Bedford vans.

Bedford already had 500 engineers working on US products for GM, Mr Price said.

He admitted that GM – or any other company – could not be expected to give a commitment that it would never make substantial changes to either the local content of products or give open-ended assurances about anything else.

If GM wins control of Land Rover-Leyland, it intends to merge that organisation with Bedford. But Mr Price insisted that his group had no preconceived rationalisation programme that would be imposed on the merged group.

Two study teams, one from the medium and heavy truck operations of both companies, the other from the medium and heavy van businesses, would consider what rationalisation was necessary.

That process, which would take only about a month, should produce a rationalisation programme to which the new management team would be totally committed, he suggested. "We are not going to dictate what should happen."

Mr Price said, however, that the impact of the rationalisation should not be underestimated. There was the possibility that extra jobs might be generated within the van operations or at Land Rover to absorb those which would go from the truck operations.

Management of the merged Leyland-Bedford organisation would be drawn from both companies at all levels.

Mr Price said he recognised that morale at Land Rover might be low if GM won control because it would mean the "Keep Land Rover British" campaign had failed.

"Another 10,000 units on the output at Land Rover would go a long way to restoring morale," he suggested. GM had marketing operations in over 40 countries that could help to produce such a boost in Land Rover's production.

GM was fully in favour of Land Rover's scheme to export the upmarket Range Rover vehicles to the US and would help to find the most effective way into that market. Mr Price added: "I suspect those are battle-scarred guys at Land Rover. They have just come through an enormous rationalisation of production facilities. I guess they can take one more blow."

GM go-ahead in Egypt, Page 6

Barclays profits rise 37% to record

By Michael Cassell in London

BARCLAYS yesterday rounded off the UK clearing bank reporting season by announcing record pre-tax profits of £854m ($1.24bn), comfortably beating its three major British competitors.

Sir Timothy Bevan, chairman of Barclays, said that the 37 per cent increase in pre-tax profits for the year ending December 31 1985 put Barclays "back on top of the bank profits league." In 1984 National Westminster Bank returned the highest profits.

Barclays' figures did not, however, reach the City of London's best expectations, and its shares fell by 13p to 488p. End-of-account profit-taking and some fears that the budget later this month could include a form of banking "windfall" profits tax helped push down the share prices of the other clearers.

The four big banks have in the last week reported combined pre-tax profits for 1985 of £2.57bn, an increase of £673m on the previous year. Lloyds pre-tax profits totalled £561m (last year £468m), Midland £351m (£135m) and NatWest £804m (£671m).

Their results have generally conformed to the more optimistic City of London forecasts made in advance of the figures although bad debt provisions, particularly in respect of Third World countries, remain the biggest single source of concern.

Barclays' provisions fell from £469m in 1984 to £416m last year although Sir Timothy warned that they were likely to remain high while economic conditions proved difficult.

The bulk of Barclay's improved performance stemmed from its mainstream UK banking business, where profits rose from £349m to £592m. Barclaycard was again a major source of profits. The bank will not disclose profits from the Barclaycard operation but says they rose by 24 per cent during the year, with outstanding balances of over £1bn at the year-end.

Bad debt provisions fell by 10 per cent for the bank's overseas operations, where pre-tax profits also fell from £118m to £92m.

Sir Timothy, who said that "a long and bumpy road" stretched before the world's banks in their efforts to deal with international debt, launched an outspoken attack on the Government of South Africa, where the bank's lending business amounts to a little under £800m.

Sir Timothy accepted that, like many US and European banks, Barclays had been caught by the unilateral standstill on loan repayments imposed by the South African Government last autumn.

Details, Page 29

Setback for UK Government over bill to protect investors

BY NICK BUNKER IN LONDON

THE UK Government was defeated last night in a House of Commons standing committee debate on one of the most crucial provisions in its Financial Services Bill.

Conservative backbenchers and opposition MPs joined forces to push through an amendment which will give explicit statutory recognition and authority to the Securities and Investments Board (SIB).

In the bill as published, the Government has given the option to delegate all or some of its powers to regulate the financial community to a designated agency. The amendment carried last night, proposed by Mr Anthony Nelson, a Tory MP, names the SIB and obliges the Government to transfer to it the delegated authority and powers which will make it the central body in the proposed framework of investor protection.

Mr Michael Howard, the Minister for Corporate and Consumer Affairs, who is in charge of the bill, and has firmly opposed any moves towards making the SIB a statutory commission, moved swiftly after the debate to play down the effect of the amendment. He said that it would not wreck the bill, but that the Government would try to restore the bill's original proposals during its report stage.

However, the amendment was interpreted by Labour MPs as a major reversal for the Government. Mr Bryan Gould, Labour Trade Spokesman, who has been arguing that the SIB should become an independent, self-standing statutory commission, said, "This gives us the basis for a proper and effective statutory system of regulation instead of the weak-kneed and broken-backed compromise which the Government tried to foist on parliament and the City of London."

Mr Brian Sedgemore, the Labour MP who has made repeated allegations about the extent of City fraud, said that the amendment "had almost established a Securities and Exchange Commission in one fell swoop."

Last night's debate was the culmination of a lengthy personal campaign by Mr Nelson for a tighter system for regulating investor protection. He told the committee: "To recognise the SIB by statute will send the right messages to the public. It will reassure operators in the City and provide reassurance and protection for the investing public."

Mr Howard said that giving the SIB statutory recognition, instead of keeping it as a private sector body, would handicap it by making its recruitment and resources subject to civil service constraints and would also lessen its accountability to parliament. It would also remove the Government's freedom to delegate powers to a different agency if necessary.

Argyll Group to fight bid ruling

BY RAYMOND HUGHES IN LONDON

THE ARGYLL GROUP is to appeal on Monday against the British High Court rejection yesterday of its attempt to block the revised bid by Guinness for Distillers, the UK spirits group.

Argyll, a supermarkets and foods company which has made an opposed bid for Distillers, had asked the court to quash a decision of the Monopolies and Mergers Commission to lay aside the reference to it, of Guinness's original £2.27bn offer.

The court ruled that Sir Godfrey Le Quesne, QC, the commission's chairman, had not exceeded his legal powers in personally making the decision to lay aside the reference.

Nor, said Mr Justice Macpherson, had Sir Godfrey been wrong in concluding that Guinness had abandoned its original merger proposal.

Guinness's revised £2.35bn offer, made the day after the laying aside, "was so obviously different that it left the old bid behind like a discarded skin," the judge said.

He said that very large sums of money and very big issues were at stake for all three companies. He had, however, no doubt that Argyll's claim must fail.

Sir Godfrey has acted legitimately and with commonsense under an "eminently sensible, practical and speedy procedure."

Argyll, whose £2.34bn offer would have been ahead of the field in the battle for Distillers had it won its case, said afterwards that the ruling had major implications. It seemed to have changed fundamentally the commission's accepted procedures.

Argyll's shares slipped in London last night by 5p to 338p. Guinness and Distillers held steady at 282p and 630p.

Details, Page 33

Bundesbank leads interest rate fall

Continued from Page 1

ground against the dollar to end the day at $1.4580.

A trader at one leading UK bank attributed the foreign-exchange markets' muted reaction to the German move to "dealer exhaustion" after a hectic week. "Much lesser events than the cut in the German discount rate have caused much bigger moves in exchange rates in the last two or three days," he said.

Mr Gerhard Stoltenberg, the Bonn Finance Minister, welcomed the Bundesbank's action. He emphasised that it might act as a signal for lower rates internationally. He also noted that the decision fitted well into the German domestic context, with inflation down to less than 1 per cent at an annual rate and public-sector borrowing relatively low.

The interest-rate cut, Mr Stoltenberg said, would be one further factor boosting domestic demand and industrial investment this year – in addition to the benefits of the oil price cut and a DM 11bn income tax reform package.

West Germany looks set to achieve up to 4 per cent economic growth in real terms this year. But the unemployment rate stands at 10.4 cent – a total of 2.6m jobless.

German bankers welcomed the central bank's decision, but it is not clear how far the discount-rate action will work through in a new round of general interest rate cuts at home.

For one thing, interest rates and bond yields have already been falling fairly steadily – so that the discount reduction looks more like the confirmation of an existing trend rather than the start of a new one.

For another, the Bundesbank also decided yesterday to cut the banks' re-discount quotas by DM 5bn with effect from May 1. That action is timed to coincide with changes in the central banks' minimum reserve rules already decided last December.

Under the minimum reserve changes, the banks could have hoped to receive an injection of some DM 8bn in extra liquidity. The re-discount decision means that most of that liquidity will promptly be mopped up again by the Bundesbank, which, despite all the progress so far, is keeping an ever-watchful eye on inflation.

Moreover, the Bundesbank disappointed some bankers by failing to accompany its discount cut with a simultaneous reduction in the lombard rate.

When the Bundesbank last acted on key interest rates last August, it cut both rates by 0.5 point – the discount to 4 per cent and the lombard to 5.5 per cent.

France's smaller cut – although real French interest rates are significantly higher at more than 4 per cent – reflects the authorities' nervousness over the franc ahead of the parliamentary elections on March 16.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	14	57	Dubrovnik	-	—	—	Malta	C	15	59	Rhodes	S	18	64
Algiers	R	13	55	Edinburgh	S	6	43	Manchester	F	7	45	Rio de J'o	S	36	98
Amsterdam	S	6	43	Faro	S	18	64	Manila	S	31	88	Rome	C	13	55
Athens	S	15	59	Florence	F	13	55	Melbourne	S	37	99	Salzburg	F	10	50
Bahrain	R	20	68	Frankfurt	R	7	45	Mexico City	C	24	75	San Francisco	C	12	54
Bangkok	S	32	90	Funchal	F	18	64	Miami	S	12	54	Seoul	S	11	52
Barcelona	F	13	55	Geneva	F	11	52	Milan	Fg	4	39	Singapore	R	25	77
Beirut	C	15	59	Gibraltar	S	18	64	Montreal	C	-12	10	Stockholm	F	4	39
Belfast	F	5	41	Glasgow	F	6	43	Moscow	C	2	36	Strasbourg	R	5	41
Belgrade	S	6	43	Guernsey	S	8	46	Munich	S	11	52	Sydney	S	27	81
Berlin	R	6	43	Helsinki	C	3	37	Nairobi	C	27	81	Taipei	S	24	75
Biarritz	C	12	54	H. Kong	R	20	68	Naples	F	15	59	Tangier	C	17	63
Bombay	S	32	90	Innsbruck	F	9	48	Nassau	C	25	78	Tel Aviv	S	19	66
Bordeaux	R	11	52	Inverness	F	6	43	New Delhi	S	27	81	Tenerife	F	19	66
Brussels	S	8	46	Islamabad	S	27	81	New York	C	2	36	Tokyo	F	8	46
Budapest	C	-1	30	Istanbul	C	7	45	Nice	C	14	57	Toronto	Sn	-5	23
B. Aires	S	24	75	Jakarta	R	30	86	Nicosia	C	19	66	Tunis	F	16	61
Cairo	F	21	70	Jersey	S	8	46	Oporto	S	12	54	Valencia	F	15	59
Cape Town	S	29	84	Jo'burg	F	25	77	Oslo	F	3	37	Venice	F	5	41
Caracas	C	27	81	Lima	S	27	80	Paris	F	7	45	Vienna	S	3	37
Casablanca	R	15	59	Lisbon	S	14	57	Peking	S	14	57	Warsaw	F	7	45
Chicago	C	-3	27	London	F	9	48	Prague	F	6	43	Washington	F	2	36
Cologne	S	7	45	Los Angeles	Fg	14	57	Reykjavik	C	2	36	Zurich	S	9	48
Copenhagen	F	3	37	Luxembourg	R	5	41								
Corfu	S	17	63	Madrid	F	20	68								
Dallas	S	7	45	Majorca	-	—	—								
Dublin	F	7	45	Malaga	-	—	—								

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Tin rescue talks collapse

Continued from Page 1

commodity pact, looks doomed.

● The trickle of lawsuits in the crisis might become a torrent as creditors go to the courts.

The ITC meets again tomorrow and next week but delegates do not expect new rescue initiatives. The council said in a statement that it would work for whatever it could do in the present circumstances.

The Newco plan has been discussed at many meetings since it was first proposed before Christmas. The UK Government, with its special interests in the LME, struggled to persuade fellow members to accept the deal. It concentrated its efforts on other EEC countries, which were particularly reluctant but eventually gave way earlier in the week.

But by yesterday morning, the three biggest tin producers had still to agree. As deadlines set by the creditors approached, Malaysia gave its support, Thailand asked for an extension until Monday – something the creditors might have accepted – but Indonesia said no and the bankers said it was all over.

Indonesia said it had "serious doubts" about the rescue plan and could not afford to contribute to it, after the recent fall in the price of oil, its principal export.

Mr Abraham van Overbeeke, chairman of the EEC delegation, said the community had always favoured an orderly resolution. Another delegate said: "It is all over. We are just blaming each other."

Gorbachev moves to revitalise Soviet leadership

By Patrick Cockburn in Moscow

MR Mikhail Gorbachev yesterday consolidated his power within the Soviet Communist Party at the end of its 10-day congress by bringing back to Moscow Mr Anatoly Dobrynin, for 24 years Soviet Ambassador to Washington, and appointing a new member to his ruling Politburo.

Mr Dobrynin, ambassador in Washington since 1962, has played a central role in formulating Soviet policy towards the US. This experience will complement the relative inexperience of Mr Eduard Shevardnadze, the Foreign Minister, appointed last year.

Mr Dobrynin now becomes head of the party's international department in charge of relations with Communist parties not in power and non-Communist left-wing parties. He replaces Mr Boris Ponymarov, a non-voting member of the Politburo, who has retired at the age of 81.

The new member of the 12-member Politburo is Mr Lev Zaikov, who remains party secretary in charge of the economy. He was previously party leader in Leningrad.

Mr Gorbachev also announced the appointment of two non-voting members of the Politburo, Mr Yuri Solovyov, party leader in the Leningrad region, and Mr Nikolai Slyunkov, the party leader in the western republic of Byelorussia.

The 10-day congress, which takes place every five years, showed that Mr Gorbachev is in complete political control of the party. On the new 307-member central committee chosen this week, grouping all senior office holders in the Soviet Union, there were 136 new faces. Only 171 members kept their seats.

At the same time, speeches at the congress showed that senior state and party officials hold widely divergent views about the extent and radicalism of the reforms needed to increase growth and raise the quality of production.

Mr Gorbachev himself and other party leaders outlined plans for radical economic change, but most speakers at the congress appeared to believe that a rejuvenated leadership in the Kremlin and senior ministerial positions will be sufficient to cope with most economic problems.

Although President Leonid Brezhnev was never denounced by name, there was a consensus at the congress that the economy had been badly managed since the early 1970s. Mr Gorbachev has faced little apparent opposition

Divisions on economy, Page 2

US makers raise prices of memory chips

By Louise Kehoe in San Francisco

US MICROCHIP manufacturers are raising memory chip prices as demand for their products picks up and Japanese competition softens in the wake of growing trade friction.

Intel, a leading US chip maker, raised prices of chips used to store programs in personal computer systems – commodity erasable programmable read only memory (Eprom) chips – by 25 per cent on Wednesday.

Intel, together with Advanced Micro Devices and National Semiconductor, has filed a dumping suit against Japanese chip makers charging that they have been selling Eproms in the US "below fair value."

The US Department of Commerce is due to make a preliminary ruling oo the case on Monday and is expected to find that dumping has occurred. If it does the Commerce Department will set preliminary dumping duties to be imposed on Japanese Eprom imports, which could be as high as 200 per cent.

However, Japanese chip makers have already significantly raised their US prices and are being "less aggressive" in the market, according to US industry experts. Several Japanese companies have attributed their price increases to the changing dollar/yen exchange rate but US manufacturers say trade actions brought against the Japanese have also been an important factor in higher prices.

Intel said it was returning prices to "sustainable levels" after last year's dramatic decline. Eprom prices then fell from about $17 in January to under $3 per chip by November. The new prices will enable Intel to recoup operating costs and to make a reasonable profit, the company said.

Last year Intel and all other leading US semiconductor manufacturers sustained losses due in part to falling memory chip prices.

THE LEX COLUMN

One down, and two to go

Simultaneous reductions in official interest rates seem rather beyond the power of central bank coordination. But the next best thing, a rapid round of cuts, is now well discounted by the markets. If the Bundesbank's contribution yesterday does not draw a response from Japan within a day or two, there will be disappointment as well as surprise. But it is quite clear that a dollar/yen exchange rate of 179 represents a level of pain in the Japanese export economy which will in this case make it a relief for Tokyo to do the decent thing, reducing its discount rate for a second time. The likelihood of a parallel move from the Federal Reserve can only increase the urgency.

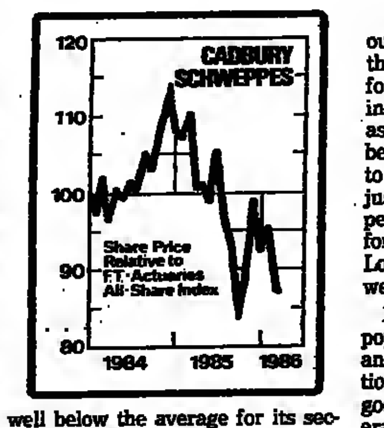
By leading off the present round, the Bundesbank may have gained international good-fellowship points, but it has raised some awkward questions about the narrower balance of currencies within Europe. The need for an EMS realignment was already looming, perhaps only awaiting the result of the French assembly elections 10 days hence. With a D-Mark unimpressed by what, in domestic monetary terms, appears an artificial manoeuvre, the probability of a realignment must have increased; a 10 per cent divergence of rates could well be shared between the lira and the D-Mark.

The absence of any convenient mechanism for the UK authorities to move into line provides a tantalising gap – up to the budget – in which the Bank of England can tease both the clearers and the gilt-edged market. Even though next month's Brent cargoes have been trading at well below $13, the exchange rate risk of investing in UK fixed interest instruments looks conspicuously less than the prospective gain from an eventual closing-up of some yawning international yield gaps.

TI Group

In industrial terms TI Group is recognisably the Tubes of old. The company is still knocking bicycles together, bashing steel tube and stamping its name on gas cookers. But, for the stock market, TI is a changed business altogether.

The share price, which frequently traded at around a quarter of book value during the recession, now commands a premium of 20 per cent to the group's shrunken net worth. And, even at those dizzy heights, TI is valued on a multiple



well below the average for its sector, let alone the market as a whole.

The group should make comfortably over £50m pre-tax this year, putting the shares on a prospective p/e of under eight at last night's price of 471p.

TI's rerating must by now have scuppered the takeover hopes entertained by Evered. Size is not the only obstacle; TI is making a return on capital of almost a quarter in its core divisions, leaving Raleigh as the only remaining point of weakness.

Even TI itself would not claim to be the best managed company in the country, but it is a much tougher nut to crack than it was even six months ago. Moreover, TI can claim with some justice that last year's losses from Raleigh – totalling almost £8m in the UK – were almost unavoidable given the collapse in sales.

Not all TI's earnings growth is exactly high quality – the pension fund holiday should contribute about £6m before tax this year – but genuine progress has now been made in every division.

If Evered chooses to unload its investment at a profit, TI's merchant bankers will be delighted to assist.

Cadbury

Cadbury Schweppes lowered the drawbridge in its defensive ringwall yesterday and wheeled out some figures for last year which, if quite as feeble as expected, so bristled with promises that an army of bidders might already be on the march.

In a pre-tax performance down 25 per cent to £93.3m Cadbury contrived to wipe out over £42m in trading profits by selling soft drinks and confectionery in North America. The City was yesterday too busy wondering how this occurred to indulge in much recrimination.

The old argument that Cadbury is outgunned by Hersbey and Mars in the US is beside the point, since the former US management was just as incapable of marketing soft drinks as chocolate. US food brokers had been enticed into stuffing stocks into the distribution chain merely to justify sales budgets as much as 50 per cent inaccurate; and it is only fortunate that the alarm sounded in London before Cadbury's brands were impaired.

Now the stale chocolate and flat pop have passed through the chain and the management and distribution been reorganised, there is a good chance that some £220m in operating assets might produce a £15m return this year – merely leaving a hole in Cadbury's management reputation that no amount of corporate advertising can repair.

Cadbury will make more friends from its promise to dispose of some £100m in operating assets in its tea and food and health businesses, which were earning less than the cost of supporting funds. But it is late in the day for such house-cleaning, especially for a company rated at a premium to its sector at last night's price of 170p, up 4p.

HK Land

The slow march of Hongkong Land and Jardine Matheson through the divorce courts makes a very much more dignified spectacle than the shotgun marriage of 1980. The two companies have now hit on the ingenious idea of selling half Land's holding in Jardine to Jardine Securities, which finances the deal in part by a rights issue designed to reduce the parent's interest to just under 50 per cent. Jardine gains effective control of its own shares – but cannot technically be accused of cannibalism – and Land receives a further boost to its balance sheet.

This clever wheeze took the Hong Kong market quite by surprise and overshadowed an excellent set of results from Land itself. Profits have now recovered sufficiently to justify a meaningful dividend. The 1985 payment is less than half the peak dividend of 1981 but, after a 58 per rise in net profits last year and with a further 40 per cent or so in store for 1986, full dividend restoration may be only a matter of time. The balance sheet has almost been straightened out and, wonder of wonders, Land seems to be generating cash from its operations.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Friday March 7 1986

Pickens agrees to buy Pioneer for $800m

BY WILLIAM HALL IN NEW YORK

MR T. BOONE Pickens, who is better known as a Texas oil man than as a corporate raider has agreed to buy Pioneer, an oil and gas company located in his home town of Amarillo, Texas, in a deal worth more than $800m.

Mr Pickens, the general partner of Mesa Limited Partnership, and Mr C. David Culver, president of Pioneer, announced yesterday that Pioneer would be acquired by Mesa in return for 61m newly-created Preference-A units of Mesa.

Mesa will assume all the liabilities of Pioneer, which will distribute the new Preference-A units to shareholders on the basis of 1.84 units per share under a plan of liquidation.

Mr Pickens approached Pioneer last month after the company had received an unsolicited $23 per share takeover proposal from Minstar, which is controlled by Mr Irwin Jacobs, the Minneapolis-based financier. Wall Street has been intrigued by the sight of Mr Pickens stepping into a takeover battle to rescue an embattled oil company from the arms of another corporate raider.

T. Boone Pickens

It was not clear yesterday whether the terms of Mr Pickens' bid represented much of an improvement on his earlier offer. Under the original plan, Pioneer would have received 58.1m Pioneer-A preference units and 33.2m Pioneer-B units of Mesa Limited Partnership.

Pioneer shareholders were to have received 1.75 Pioneer-A preference units and one Pioneer-B unit for each share.

Pioneer shares were $⅛ higher at $21⅛ in early trading yesterday but this was still more than $1 below the price on the day of Mr Pickens' original bid.

Under the latest deal the Preference-A units are entitled to a cumulative first right to quarterly cash distributions of $1.50 per cent for the first five years and thereafter the same distribution as on Mesa's common units, subject in either case to reduction in the event of certain tax law changes.

In all other respects the new units are identical to existing units of Mesa Limited Partnership.

Mr Pickens said: "Pioneer has substantial long-life natural gas reserves in areas that are complementary to Mesa's operations. The combined entity will have net proved reserves in excess of two trillion (million million) cubic ft of natural gas equivalent." Pioneer described the deal as "a very attractive agreement."

Warner Lambert in $225m disposal

By Terry Dodsworth in New York

WARNER Lambert, the US pharmaceuticals and non-prescription health products group, has reached agreement on the disposal of one of the three high-technology hospital equipment companies it put up for sale just over three months ago.

The division involved, Deseret Medical, is being acquired by Becton Dickinson, the New Jersey health-care group, for $225m. Warner said yesterday it was "confident" the two other businesses on the auction block' Imed and Reichert Scientific Instruments, would be similarly divested by mid-year.

Based in Sandy, Utah, Deseret makes and markets cardiovascular catheters, infusion sets and operating-room products. It was put on sale with the other two hospital equipment divisions because of the disappointing performance of the high-technology division, promoted as a significant diversification for the group.

Since Warner entered this field, it has run into problems, in common with other companies, because of the cut in spending on health care in the US. Hospitals in particular have suffered under the impact of cuts by federal and local governments, as well as a tightening of controls on insured corporate health programmes.

In the fourth quarter, Warner took a charge of $500m to cover its costs on the disposal of the three businesses.

Bertelsmann planning DM 2.5bn expenditure

BY JONATHAN CARR IN GÜTERSLOH

BERTELSMANN *of West Germany*, one of the world's biggest media concerns, plans to invest more than DM 2.5bn ($1.1bn) over the three years to 1988. It expects sales reveoue, which totalled DM 7.4bn last year, to increase by an annual average of between 12 and 15 per cent over the same period.

Mr Mark Woessner, chief executive, said that about DM 1.6bn of the investment sum would go to consolidate and strengthen existing sectors, including publishing and book club busioess.

More than DM 900m was earmarked for new activities, for example in electronic media, and for expansion in key markets – especially the US.

Mr Woessner stressed that Bertelsmann was in stronger financial shape than ever before and could easily fund the investment *programme from its own resources* without strain. But he added that if a major, unusually costly project arose – for example in the US where Bertelsmann is on the hunt for acquisitions – the company could raise funds through a further issue of its profit-sharing certificates (Genusscheine).

Bertelsmann is having its Genusscheine with a nominal value of DM 330m listed for the first time on leading German stock exchanges later this month. So far the certificates, held mainly by current and former employees, have been traded only within the group.

Holders of the certificates do not have voting rights, however, and Bertelsmann strongly denies that it is planning any full public share issue. Nearly 90 per cent of the company's common stock is held by Mr Reinhard Mohn, who rebuilt Ber*telsmann after the Second World* War, and his family.

The results for the year to June 30 1985 show net profit up by 17 per cent to DM 337m on turnover which increased by 11 per cent to DM 7.4bn. The net return on sales thus edged up to 4.5 per cent, from 4.3 per cent a year earlier.

This year oet profit looks likely to fall to some DM 320m – above all because of heavy start-up costs in electronic media and new magazines. These costs will amount to DM 120m this year, compared with DM 37m last year and just DM 8m in 1983-84.

The increase underlines Bertelsmann's intention to go for expansion again after an era of consolidation. But executives stress Bertelsmann will not expand outside the media field – it as tried to do in the 1970s with only limited success.

Veba lifts dividend as profits surge

By Rupert Cornwell in Bonn

VEBA, the West German utility and energy conglomerate, yesterday announced an increase in its 1985 dividend to DM 10 from DM 9 the previous year, on the back of a 29 per cent surge in net earnings.

The group, in which the Federal Government holds a stake of about 25 per cent, said that net profits climbed to DM 752m ($332m) last year from DM 584m in 1984. Pre-tax profit rose to DM 1.6bn from DM 1.44bn. Veba added that every sign was that 1986 would produce another good performance, based on business so far this year.

In accounting terms, the group's sales declined by 2.7 per cent in 1985 to DM 48.3bn from DM 49.6bn. But on a strictly comparable basis, after eliminating the sales figures of interests sold during last year, turnover rose by 3.6 per cent.

The best growth came in Veba's oil products activities, up 11.2 per cent to DM 14.59bn, while its chemical operations grew by 5.1 per cent to DM 5.67bn. These advances were more than enough to help offset a 19 per cent drop in trading business.

Power generation turnover advanced 2.2 per cent to DM 10.3bn, although electricity sales declined fractionally in volume terms to 69.4bn KW. The share of nuclear energy in total power output rose to 69 per cent from 60 per cent in 1984.

Veba's confidence in its growth prospects was underlined by a jump of more than 50 per cent in its total physical investments during the year to DM 3.2bn.

Seat to have own US outlets

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN GENEVA

VOLKSWAGEN will allow Seat of Spain to set up a separate car distribution and dealer network in North America after the West German group's takeover. However, the timing of the project has been delayed.

Mr J. A. Alverez, the Seat president, said yesterday the North American launch had been put back for at least a year and perhaps to 1990 so that VW, one of the leading importers in the US, could help with the project.

It was also taking longer than expected to prepare Seat cars to meet US safety and environmental standards hut this was an area where VW had considerable expertise, he said.

Seat's car output last year reached 320,000 (up from 279,000 in 1984) while sales were 347,000 (300,000), allowing a reduction in stocks. Mr Diaz Alverez said production should be about 340,000 in 1986 and sales about 345,000.

Banco Hispano to resume dividend

By David White in Madrid

BANCO Hispano Americano, Spain's third largest bank, announced yesterday it was resuming dividend payments after resolving last year's problems in its main industrial banking offshoot.

Mr Claudio Boada, the chairman, told shareholders in a letter that the bank was proposing a modest payout of Pta 25 per Pta 500 nominal share. This compares with its last annual dividend of Pta 100, paid in respect of 1983. The omission of a dividend for 1984 was the first case in modern times of a major Spanish bank failing to remunerate its shareholders.

Pre-tax profits, which collapsed in 1984 from Pta 13.6bn ($96m) to Pta 110m after the bank had to channel almost all its operating earnings into shoring up its subsidiary, Banco Urquijo Union, recovered last year to Pta 6.25bn.

Mr Boada, who was appointed in January last year to take over the group, said the result indicated a "positive change in tendency" but added a cautionary note by saying that the bank needed more time to consolidate its recovery. The profit came after total provisions of Pta 33.7bn.

He said that following a Pta 50.6bn aid package for Urquijo Union, agreed last April with the Bank of Spain and other leading banks, the industrial banking operation was now on a sound footing and would produce positive results this year.

Statoil lifts year-end turnover to record

BY FAY GJESTER IN STAVANGER

STATOIL, Norway's state-owned petroleum group, reported record turnover and profits in 1985, reflecting Swedish downstream acquisitions, increased oil and gas output, a strong dollar and relatively high prices for most of the year.

The company did not forecast likely results this year after the recent plunge in oil prices and the dollar's value.

Group turnover in 1985 reached NKr 51.4bn ($7.3bn) – 4 per cent up on the previous year. Profit before tax and year-end allocations almost doubled to NKr 15.2bn from NKr 7.7bn and profit after tax and allocations reached NKr 2.19bn (NKr 1.18bn).

The board proposed a dividend to the state of NKr 1,101m compared with NKr 709m for 1984. Taxes on 1985 earnings will total NKr 11bn – about double the 1985 figure of NKr 5.6bn and roughly equal to all the personal wealth and income tax paid by Norwegian citizens last year.

Crude oil handled by Statoil last year topped 16m tonnes, including the group's own output and the state's royalty oil.

Of the total, 2.5m tonnes went to the Mongstad refinery which Statoil owns jointly with Norsk Hydro, while almost 14m tonnes was exported. Main export markets for crude were Scandinavia, the Netherlands, Britain and the US. The group opened a crude oil trade office in London during the year.

Of the 2.5m tonnes of refined products produced for Statoil at Mongstad, 1.8m tonnes were sold within Norway by Statoil's oil products marketing offshoot, Norol. The remainder was exported mainly to France, West Germany and the Netherlands.

Norol last year increased its market share to 27.4 per cent, from 27.1 per cent a year earlier. Its turnover reached NKr 7,459m.

Statoil's gas output last year reached 787m cu m, including 249 m cu m from the Statfjord field.

Fermenta slips as suspension is lifted

Kevin Done in Stockholm

FERMENTA shares continued to tumble on the Stockholm stock market yesterday when trading was resumed after an unprecedented suspension lasting nearly two weeks.

Trading in the troubled chemical and biotechnology group's stock was nervous and one dealer said the situation was "still highly volatile."

Fermenta's B-restricted shares fell by SKr 10 ($1.38) to close at SKr 133 after fluctuating widely during the day between a low of SKr 114 and a high of SKr 135. Fermenta B-free shares, which can be bought by foreign investors, dropped by SKr 16 to close at SKr 142.

Since Fermenta plunged into crisis three weeks ago, the company has lost more than half its market value, with the free shares dropping from a peak earlier this year of SKr 325.

The shares had been suspended for nearly two weeks as the stock exchange authorities waited for new information from Fermenta on its financial status and on the personal finances of Mr Refaat El-Sayed, the company's majority shareholder.

Dealers appeared largely satisfied with the report. "It told us what we already knew, but had been scared of taking for granted," said one broker.

Chinese body backs troubled Ka Wah Bank

By David Dodwell in Hong Kong

CHINA International Trust and Investment Corporation (Citic), the Peking state agency, yesterday took a 95 per cent stake in Ka Wah Bank, an ailing Hong Kong bank controlled by the family of Malaysian-born Mr Low Chung Song, after negotiations lasting more than two months.

As part of the deal, Citic is due to inject HK$350m (US$44.8m) of new capital into the bank. In return, the Hoog Kong Government has agreed to assume responsibility for the bank's debt. Ka Wah's bad debt provisions are thought to amount to about HK$650m.

GM drops plan to buy Mexican Renault units

BY OUR MOTOR INDUSTRY CORRESPONDENT

GENERAL Motors of the US will not, after all, buy car engines from the new $350m plant in northern Mexico set up by Renault, the state-owned French group.

The threat, however, of possible closure which hung over the Mexican factory, has been removed by Renault's gradual, but steady, financial recovery.

Mr Jose Dedeurwaerder, Renault's commercial director, said yesterday that the talks with GM, which lasted nearly a year, had ended inconclusively. He said output of 1.7 litre and 1.9 litre engines at the Mexican plant, at Gomez Palacia near the Californian border, was 350 a day during the running-in

The engines are sent only to American Motors, Renault's associate company in North America, but Mr Dedeurwaerder said the Mexican plant was designed to supply world-wide. Engines might be exported to Europe depending on demand for the R9, R11 and R21 models in which they are used.

He also reported that the French Government had approved a further financial injection of FFr 3bn ($432m) this year to help Renault's recovery programme.

Mr Dedeurwaerder said Renault's world-wide car sales this year should be about 100,000 more than the 1.64m in 1985.

Krupp expects bigger margins

FRIED KRUPP, the West German steel and engineering group, expects to show improved profits for 1985 despite little or no change in turnover.

Turnover for last year was DM 18.5bn ($8.18bn), against DM 18.2bn. Steel and industrial plant sales rose but revenue from trading operations fell, slipping to DM 6.3bn from DM 7.5bn a year earlier.

Orders on hand at end-December totalled DM 10.3bn, down from DM 12.3bn. Steel orders stood at DM 5.4bn and trading orders came to DM 6.05bn, against DM 6.2bn and DM 7.3bn respectively at the end of 1984.

Woolworth earnings peak in final quarter

BY OUR FINANCIAL STAFF

F. W. WOOLWORTH, the US-based retailer, yesterday reported record fourth-quarter earnings of $106m or $3.29 a share to end its third year running of profit improvement.

The company, which retails general merchandise and footwear in the US and abroad, had a restructuring in 1982. Yesterday, Mr John Lynn, chairman and chief executive, said 1985 earnings "represent our achievement of five-year objectives in only three years – attaining an 11 per cent return on investment and 16 per cent return on equity."

The fourth-quarter results compare with profits of $92m or $2.91 a share, and take earnings for the year ended January 31 to $177m or $5.50 a share, from $141m or $4.45.

Sales in the fourth quarter rose from $1.76bn to $1.85bn, and were up at $5.96bn ($5.74bn) for the year.

Domestic operating profit rose from $235m in 1984 to $283m, with the most impressive profits gain coming in the Kinney shoe operation. Foreign operating profits rose somewhat less, from $119m to $126m, with the strengthening of the US dollar against its Canadian counterpart having a dampening effect.

At the same time, improved gross margins, partly offset by an increase in costs as a percentage of sales, contributed to the rise in operating income, while interest charges fell $14m to $68m in 1985.

French bank launches video loan service

By David Marsh in Paris

CREDIT Commercial de France (CCF), the French nationalised bank, has launched an electronic service enabling customers to gain instant access to credit by using video terminals in their home.

The service, called Libertel, is believed to be the first of its kind in the world. CCF, which has more than 100,000 personal clients connected to its nationwide service, believes the scheme will be profitable for the bank and save time and money for customers.

Mr Michael Pebereau, CCF managing director, said yesterday that CCF's video-banking service, launched at the end of 1983, had proved it was not a "gimmick." About 30 other French banks and institutions are now offering electronic services enabling customers to check balances and carry out transactions using Minitel terminals.

Asko plans expansion in US

BY OUR FINANCIAL STAFF

ASKO, the West German clothing, foods and do-it-yourself retail group which is a major shareholder in Furr's, the Texas superstores chain, is trying to expand its US operating hase.

Mr Helmut Wagner, chief executive, said in London yesterday that Asko was holding talks with a Sunbelt-based retail group. He was hopeful the negotiations would lead to a takeover.

Mr Wagner also forecast that Asko would show rapid sales growth for 1986, helped by recent acquisitions. Turnover for this year is estimated at DM 4.6hn ($2bn), more than double the 1985 figure.

Asko, which went pohlic in Germany in 1984 and subsequently placed bonds and preference shares in London, has yet to release details of its 1985 results.

For 1984 the company, which operates under the Adler, Praktiker, Basar and Agros trade names, made net profits of DM 21.3m on sales of DM 1.73bn.

Anglovaal rises 50%

By Kenneth Marston, Mining Editor, in London

SOUTH AFRICA'S Anglovaal mining and industrial group is another to have gained from the conversion of US dollar-priced mining revenue into weak domestic currency, reflected in a profits rise for the half-year to June of 50 per cent.

Earnings of the home industrial companies, however, increased hy only 3 per cent against a background of difficult market conditions and increased interest oo higher borrowings.

No improvement on the domestic front is expected in the second half of the year and the rate of overall profits growth is thought likely to match that of the first half. Even so, Anglovaal still anticipates a "substantial increase" in earnings for the full year.

CIBC first-quarter profits edge ahead

BY OUR FINANCIAL STAFF

CANADIAN Imperial Bank of Commerce, the country's third largest banking group, yesterday reported a slight improvement in first-quarter profits, with net earnings up from C$85.9m to C$87m (US$65m).

On a per-share basis, however, earnings fell from 75 cents to 64 cents as average shares outstanding jumped from 83.3m to 101.6m. The per-share figures have been adjusted for a two-for-one share split.

At the same time the bank estimated a sharp rise in estimated loan losses this year, to C$650m from the C$550m recorded in the year ended October. The rise is due to uncertainty surrounding the drop in world oil prices.

The bank said the estimate includes a C$150m contingency related to the uncertainty in world energy markets and C$130m in additional country-risk provisions.

"While it is too early for any estimates to be conclusive, if subsequent events prove that the total is excessive, it will be adjusted later in the year," the bank said.

Assets at the end of the first quarter were C$78.9bn, up from C$71.7bn a year earlier, while deposits rose from C$62.2bn to C$68.4bn. Despite the higher loan loss estimate, the bank's shares were up C$⅛ to C$18⅛ at lunchtime yesterday.

● Crownx, a holding company owning 94 per cent of Crown Life Insurance Company, Canada's eighth largest insurance company, is seeking to buy a financial services company in Canada or the US for between C$100m (US$75m) and C$200m in the next 12 months, Robert Gibbens writes from Montreal.

Crownx recently lost out to Britain's General Accident in a bid for Pilot Insurance Company, a Toronto-based property and casualty firm. General Accident paid US$143.5m.

INTL. COMPANIES & FINANCE

Amerada Hess to omit dividend and cut jobs

BY WILLIAM HALL IN NEW YORK

AMERADA HESS, the secretive US oil company headed by the 71-year-old Mr Leon Hess, has become the first leading group in the sector to pass its dividend as e result of the cbaotic conditions in the world oil markets.

Mr Hess announced that the company was slashing its capital spending plans, reducing its workforce and would experience "e substantial first quarter loss" as a result of the reductions in prices for crude oil and refined petroleum products since January.

The decision to make cutbacks comes three months after the company announced it was taking a $430m after-tax writedown in its fourth quarter to cover losses on its shipping fleet.

Amerada Hess has operations in the North Sea and a major interest in the Seal Island exploration prospect in Alaska.

The New York-based company said it had reduced its estimated 1986 capital spending to $365m. This compares with $699m in 1985 and $900m in 1984. It said it would cootinue to review its capital speoding plans as "oil industry cooditions change."

The company has introduced a voluntary special retirement programme.

Gambro lifts earnings despite disposal losses

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

GAMBRO, the Swedisb manufacturer of kidney dialysis equipment, bas started a modest recovery after its plunge in profits in 1984.

According to prelimioary figures, the group achieved a profit before tax and allocations of SKr 39.5m ($5.4m) last year compared with SKr 22.8m in 1984 and SKr 156m io 1983.

The result was depressed by provisions totalling SKr 60m for losses from operations being disposed of as part of far-reaching retrenchment and restructuring. These include its small diagnostics division and its open-heart surgery unit.

Operating profits for the group jumped 140 per cent to SKr 126m from SKr 52.5m a year earlier, while profits for the continuing Gambro operations recovered to SKr 99.5m from SKr 35.9m in 1984.

The group said cost-cutting measures during 1985 had begun to take effect. The dividend will be raised 25 per cent to SKr 0.40 a share.

Gambro is majority-owned by Sonessons which controls 57 per cent of the votes and 33 per cent of the equity. Sonessons itself is being taken over by Volvo, as a result of the breakdown of the planned co-operation pact between Volvo and Fermeota, the crisis-hit biotechnology and fine chemicals group.

INTERNATIONAL COMPANIES and FINANCE

Industrial Equity registers strong gain

By Lachlan Drummond in Sydney

INDUSTRIAL EQUITY (IEL), the Australian takeover specialist, boosted net profits 86 per cent to A$28.7m (US$20.2m) for its December half-year.

The company—which is entangled in legal and regulatory wrangles over shareholdings in North Broken Hill Holdings and the Australian Gas Light Company (AGLC)—pushed sales ahead by 71 per cent to A$890m, reflecting its increasing operational base particularly through its majority-owned Southern Farmers food group.

IEL gave no explanation for the rise in earnings other than to say it was in line with expectations. However, during the six months it redeemed several long-standing investment holdings through accepting takeover offers from other sources.

Group pre-tax profits advanced from A$23.4m to A$43.9m after bearing a doubled interest bill of A$52m and depreciation up A$7m to A$13.6m. Tax took A$7.3m against A$2.6m while minority interests accounted for A$8m compared with A$5.4m.

Per-share net profits were down from 23.8 cents to 22.2 cents, with the dividend steady at 5 cents a share on increased capital.

Second-half fall at Woolworths Australia

By Our Sydney Correspondent

WOOLWORTHS, the Australian supermarket chain, suffered a second-half drop in earnings as it carried the costs of rapid store expansion and the acquisition of the country's rival Safeway outlets.

Net earnings for the year to February 2 edged up 3.2 per cent to A$63.31m (US$44.5m) on a 31 per cent jump in sales to A$4.83bn.

The second half was down from A$42m to A$38.9m and for the year, Woolworths net margin on consolidated sales was 1.27 per cent compared with 1.62 per cent.

Safeway appears to have contributed about A$600m of sales and A$8m of profits. Woolworths spent about A$80m cash on Safeway and placed 10 per cent of its capital with Safeway of the US, which now owns 20 per cent.

Earnings per share on average capital were down from 31.7 cents to 30.4 cents while the dividend is up from 16 cents to 16.5 cents with an unchanged final payment of 10.5 cents.

David Dodwell reports on the regeneration of a property colossus

Hongkong Land returns to health

"PEOPLE SHOULD not underestimate the recovery potential of Hongkong Land," said Mr Simon Keswick, chairman of both that company and Jardine Matheson, barely a month ago. If his words did not send out a clear enough signal, his affable air certainly did, contrasting the harassed feeling that accompanied two years in the life of the group when survival itself was in doubt.

Yesterday, Hongkong Land's 1985 results gave flesh to Mr Keswick's signal. With after-tax profits at HK$551m (US$70.6m), 35 per cent above those of 1984, and group net indebtedness tumbling below HK$10bn for the first time in almost four years, Mr David Davies, the managing director, announced a resumption of dividend payments for the first time in more than three years.

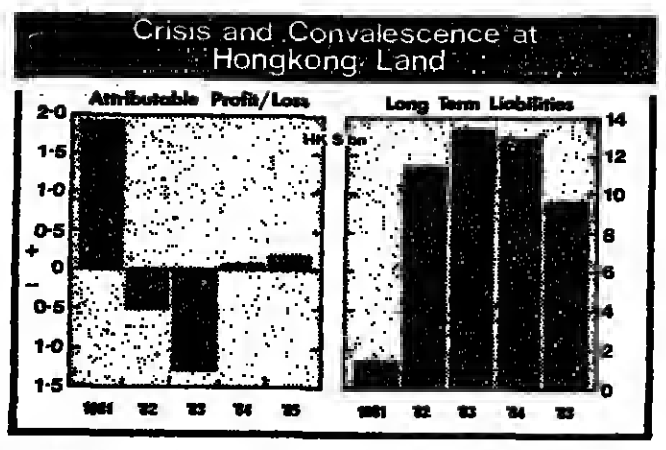
Few stock market operators had anticipated such an early return to dividends. Many had in recent weeks poured scorn on the suggestion that they would be resumed even in 1986. Mr Davies yesterday scoffed at claims that Hongkong Land could not afford the HK$325m needed to meet the cost of the 15 cents a share dividend. He said it would absorb a bare 40 per cent of operating cash flow that amounted to almost HK$700m in 1985.

News of agreement on the sale of half of its 25 per cent stake in Jardine Matheson—to Jardine Securities, a Jardine Associate—also came out of the blue. For Mr Davies, however, it marked the transformation of a non-performing asset into HK$583m in cash that can be used to reduce Hongkong Land's net indebtedness.

Hongkong Land agreed with Jardine Matheson in 1980 on a protective deal in which each bought a 40 per cent stake in the other. A move that had seemed sensible at the time turned out to be the biggest corporate blunder in either company's history when Hong Kong's property market collapsed in 1982.

While Jardine retains about 35 per cent of Hongkong Land's shares — 25 per cent directly, and 10 per cent through Jardine Securities — Hongkong Land has now twice diluted its holding in Jardine. In January 1984 it reduced its holding to 25 per cent, a level which it now plans to cut further to 10 per cent.

After the disposal of 52m Jar-



dine shares to Jardine Securities — at a price significantly below the level at which they are held on Hongkong Land's books — the property group will be left with a 12½ per cent stake in Jardine. This will be diluted further in due course, Mr Davies said yesterday, with a 10 per cent "strategic" stake being retained for the long term.

The ingredients in Hongkong Land's recovery include a strong performance by its three core businesses — property, foods and hotels — and by a programme of asset disposals that generated HK$ 784m to be offset against debt.

Mr Keswick continues to see the HK$ 2.9bn disposal in January last year of Land's holding in Hongkong Electric, the utility company, as a "turning point" in the groups recovery. Most of the cash raised from this sale was applied to reduce debt.

An improvement in property prices gave the company a net surplus of HK$ 2.2bn arising from revaluations. This was added directly to company assets, and played a significant part in reducing gearing from a peak of 104 per cent to 64 per cent at the end of 1985.

Falling interest rates in Hong Kong have reduced Land's debt repayment costs from HK$ 1.5bn in 1984 to just over HK$ 1bn last year. The group has been able to unload expensive floating-rate borrowings, exchanging them for fixed-rate loans.

Mr Davies said that Dairy Farm, the group's food manufacturing, retailing and wholesaling subsidiary, has also performed strongly. It will receive more than HK$250m in investment this year to expand outlets in Hong Kong and Australia. The Mandarin Hotels group has also had a buoyant year, with its two leading Hong Kong hotels providing most growth.

For Jardine Matheson, the fate of which has for the past four years been so tightly linked with that of Hongkong Land, yesterday's news may in due course be seen as a watershed. The Hongkong Land shareholding may not yet be generating significant earnings for the company, but after absolutely nothing for the past three years, this year's HK$115m dividend payment will undoubtedly be welcome.

Whether it further unshackles itself by seeking to reduce its own holding in Land has yet to be seen. Mr Keswick has given clear signals that this is being considered. The reduction of its stake from 35 per cent to 25 per cent could generate about HK$1.4bn in cash at current market prices, so such a dilution clearly has its attractions.

Meanwhile, by "buying in" half of Hongkong Land's holding, Jardine improves its immunity against unwelcome predators. Until yesterday, anyone winning control of Hongkong Land would at the same time have won effective sway over Jardine. Whether this was a serious possibility will now be hypothetical.

More pertinent, however, is the fact that anyone making a direct assault on Jardine would, if successful, win 35 per cent of Hongkong Land. This has been food for stock market speculation in Hong Kong for almost two years, and remains likely to exercise jaws for many months to come.

Control of Zim Navigation to be returned to the state

BY ANDREW WHITLEY IN TEL AVIV

CONTROL OF Zim Israel Navigation Company, the debt-laden Israeli national shipping line, is to be handed back to the Government.

Its major shareholder, the privately-owned Israel Corporation—which is controlled by the Eisenberg group—has told Israel's Securities Authority that it will transfer its 50 per cent holding to any government-nominated body. If approved, this will give the Government a 90 per cent interest in the loss-making shipping line.

Israel Corporation and the Israeli Government previously shared responsibility for Zim's debt, which stood at US$456m at the end of 1985. Zim lost $45m in 1984 and is expected to report that it broke even in 1985.

The proposed transfer of Israel Corporation's shareholding to the Government will require the sanction both of the ministerial economic committee and the Knesset (parliament) finance committee.

The Government is expected to seek a buyer for the Zim shares as soon as possible

UIC buys large stake in United Overseas Land

BY CHRIS SHERWELL IN SINGAPORE

A LARGE stake in United Overseas Land (UOL), a property development company linked to United Overseas Bank (UOB), the most aggressive of the island state's Big Four commercial banks, has been bought by United Industrial Corporation (UIC), the Singapore chemicals, trading and investment concern.

In two separate deals, UIC has spent an initial S$18m (US$ 8.36m) purchasing 20m UOL shares to expand its stake from around 2.4 per cent to 14.4 per cent. The company aims to increase the shareholding further.

The main driving force behind UIC is Mr Oei Hong Leong, who has close Indonesian connections. The Singapore Government has a substantial stake in the company, and its chairman is Mr Dennis Lee Kim Yew, a lawyer and brother of Prime Minister Lee Kuan Yew.

The 20m shares were bought indirectly from Pembangunan Taman Baru, a Johore-based Malaysian company controlled by Mr Peh Kong Wan.

Sharp rise in Dunlop India's profitability

By P. C. Mahanti in Calcutta

DUNLOP INDIA achieved a strong boost in profitability during 1985, a year which brought an injection of fresh equity and managerial talent into the formerly wholly-British offshoot.

On a 21 per cent rise in sales to Rs 3.6bn ($292.7m), pre-tax profits rose 3.8 times at Rs 95.6m. With net earnings of Rs 88.4m against Rs 19.9m, the dividend is being raised from 10 per cent to 15 per cent.

Mr E. M. S. Hammons, the managing director, attributed the improved performance to board and management changes which had put the company "on the move again." These came with the recent involvement of the influential Goenka family.

Despite the striking recovery the company has earned a return of only 13 per cent on shareholders' funds. The acceptable level of return should be 20 per cent, Mr Hammond said.

Dunlop India plans to diversify into other areas at an investment of Rs 1bn. Mr Hammond announced without specifying the projects that are being considered.

Canon's growth slowed by dip in camera sales

By Yoko Shibata in Tokyo

JAPANESE CAMERA manufacturers, which have achieved earnings growth in recent years largely by diversifying into office automation and electronics, have had to refocus swiftly on their main business following the launch of Minolta's Alpha 7000, an advanced automatic focus single-lens reflex (SLR) camera.

A 15 per cent fall in camera sales at Canon, combined with the yen's steep appreciation, allowed only a modest 5.3 per cent gain in consolidated net profits to Y37.06bn ($204.1m) last year, of Y955.8bn, up 15 per cent.

Buoyant sales of copiers and electronic business machines more than offset the fall in camera sales, but gross profit margins declined by 0.4 per centage points.

Canon expects its 1986 pre-tax profits on a consolidated basis to fall by 19 per cent to around Y30bn, the first earnings setback in 11 years. Sales are projected at Y1,650bn, up 11 per cent.

Alan Friedman profiles a latecomer to the Italian financial world

Ligresti: empire built on alliances

"I BELIEVE in alliances. That is my slegan. My strategy is to have alliances with Carlo de Benedetti, with Leopoldo Pirelli, with Montedison, Ferruzzi and Pesenti. I have got to know many people over the years and I never argue with anyone."

Such is the philosophy of Mr Salvatore Ligresti, the newest face in the burly burly if Italian finance. Mr Ligresti, a Sicilian property developer wbose family owned a textile shop in Paterno, a village near the base of Mount Etna, has burst on to the Italian business scene in recent months, taking strategic shareholdings in some ef Italy's most fameus corporate names.

In doing so be bas aroused considerable interest and even some controversy, for while be certainly has the cash needed to make large investments—his various holdings are believed to be worth at least around L800bn ($500m)—he is considered by Italy's private sector elite to be the "last arrived"—a man regarded with a mixture of diffidence, curiosity and apprehension.

Mr Ligresti, 54, first came nerth in 1957, when he took an engineering degree at the University of Padua. He became an aerospace engineer in Florence during military service and finally, in 1959, arrived in Milan to work as an engineer on the extension ef runways at Linate Airport.

After that, Mr Ligresti says be decided to "learn about business." He met "the right people" and worked on *property development*, the most important being an effice, sports and leisure complex with an underground car park e few steps from Milan's cathedral.

Although he is now a member of the shareholders' control syndicate at Pirelli and Montedison, Salvatore Ligresti seems mest enimated wben discussing car parks, ramps, novel ways of creating parking space underground and the need to build skyscrapers in Milen. He brandishes ordnance maps and architectural drawings and declares: "It was because I suffered in an ugly bedsit that I now want to build apartments where *people* will be bappy."

Mr Ligresti's biggest deal was to acquire 36 per cent of Societa Assicuratrice Italiana (SAI), Italy's third largest insurance group through which he owns a number of key share stakes. The 36 per cent stake, at current shsre prices, has a market value of L530bn, which Mr Ligresti says is more than 10 times what be paid originally. He admits thst some of the mest important sharebeldings which SAI controls are entered only at book valne.

Through SAI, Mr Ligresti bas 5.8 per cent ef CIR, Mr Carlo de Benedetti's key holding *company which has stakes* in Olivetti and many other companies. Mr de Benedetti recently acquired just under 2 per cent of SAI, though be may already have sold it.

The Ligresti empire elso includes 32 botels, 55.9 per cent of Pozzi Ginori, the toilet and basin maker, three private bospitals, financial companies and —Mr Ligresti's pride and joy—75 per cent of Grassetto, the Padua-based construction company, which bas a L250bn annual turnever.

Grasseto was acquired last year and for Salvatore Ligresti it had a kind of symbolism about it "When I was a student in Padua Ithought that one day I would look for a job at Grassetto. Now I own it. It was very emotional to become the owner."

Mr *Ligresti says that his stock* market dealings were often financed by bank loans. He also says be has great respect fer Mr Francesco Micheli, the financier wbo engineered the stock market raid which resulted in Montedison's takeover last year of the Bi-Invest financial and industrial group. Asked to comment on Mr Ligresti, Mr Micheli replies: "He is like a character from a film, but he will not run the *risk* ef ending like Citizen Kane because be keeps to simple contacts and is quite open."

Open is the word. Ask Mr Ligresti what be thinks of the power struggles in Italian finance which are accompanying significant changes in the structure of privats sector power and be answers with self-deprecation: "If Agnelli or Pirelli fail in something it does not matter. If Ligresti fails it is serious. It is always like that for the first generetien—my life is to work and I believe that the large groups with power should work together, accept new people, bs open to new ideas. The bourse and the city of Milan must be open to the world. We have to have an international eutlook."

Thus, the Ligresti belief in "alliances." The old families of Italian industry and finance do oot know quite what to make of this man, but be knows what to make of them: "If Ligresti speaks it does not count, but if Ligresti speaks as the ally of de Benedetti, Pirelli, Montedison and others then we can make something happen."

Fer the moment Mr Ligresti's aims are to "buy up eld industrial zones in the centre of Milan, eliminate them and build big car parks and gardens." In addition, be wants to create a 32-storey "multinational corporete business centre" in Milan, planning permission for which is pending. Beyond that, Mr Ligresti says bis ambition is "to increase my boldings."

Mr Salvatere Ligresti: contacts with "the right people"

SEK introduces 40-year fixed rate Eurobond

BY MAGGIE URRY

SWEDISH Export Credit (SEK) yesterday launched the longest fixed rate bonds yet seen in the Eurodollar market with a 40-year bond issue te raise $200m. Last week tbe World Bank launched s 40-year deal in the US domestic market.

Initial response to the deal was strong from Japanese, Middle Easternn and European investors. Tbe bonds began trading well inside their fees, though later they slipped back to around 97½ as the market fell.

Long-dated bonds sre more volatile than sborter issues, and are therefore attractive to trading accounts. Institutional investors with commitments well into the future are also keen te buy them. The flatness of the yield curve at present forces investors looking for higher coupons to extend their portfolios' maturities.

The deal, led by Bankers Trust International, bad terms fixed at 8½ per cent coupon and 99½ issue price. The lead manager fixed commissioners at 2½ per cent, and taking these into account, the bond yielded around 65 basis points more than the US 30-year long bond at launch.

The bond provides long-term funds at a lew cost fer SEK, which has a high prnportien of leng-dated export credits. However, if interest rates should fall significantly and permanently, SEK can call the issue after 10 years at e price of 105, and at prices declining to par.

The yield to the first call, at issue price less the full fees, was abeut 140 basis points above US Treasury yields, giving investors some compensation if the bond is called.

Building societies launch interest rate swap issues

BY OUR EUROMARKETS STAFF

BRITISH *building societies* were yesterday given the go-ahead to arrange interest rate swaps in the sterling market. The Leeds Permanent, one of the largest societies, took advantage of the freedom straight away by launching a £50m issue in the fixed rate Eurosterling market wbich is being swapped into floating rate money. Later in the day the Halifax building society launched another £50m deal.

Permission to enter into sterling swap agreements was given in a guidance note to building societies from the Registry of Friendly Societies, the body which supervises them.

The registry considers that building societies have tbe power under the Building Societies Act 1962 to arrange swaps in the sterling market, if they are to raise funds for their normal business. However, it goes on to say that in its view arranging currency swaps would be outside the societies' powers at present. The registry suggests that the doubt about currency swaps "sbould be resolved by a friendly court action."

The building societies legislation, now going through Parliament, *is expected* to give societies the power to raise foreign currency debt and swap it into sterling, though this will not happen until 1987.

The Leeds issue, led by Baring Brothers, was swapped into floating rate funds at a rate below London interbank effered rate (Libor). Swap experts believe that the rate was only a few basis points below Libor, but this still produced "the cheapest wholesale funds we have raised yet," said Mr Keith Barraclough, general manager for finance at the Leeds.

Terms for the five-year bonds were set at e 10½ per cent coupon and 100½ issue price. With fees of 1⅞ per cent the yield was around 17 basis points above gilt-edged yields at the time of launch. The issue was well received in the market, with investors on the continent ready to accept the borrower. The bonds traded well inside the fees at around 98¾.

The issue for the Halifax, led by Morgan Grenfell, came on slightly finer terms. The five-year bonds pay a 10⅜ per cent coupon and are priced at 100¾. Again the swap produces sub-Libor funds.

Libra Bank to tap sterling market

By Our Economics Correspondent

LIBRA BANK, the London-based consortium wbich specialises in Latin America, is planning te launch a fixed rate Eurosterling bond this year as part of efforts to diversify its funding base, Mr Peter Belmont, managing director, said yesterday.

Libra, which last year launched s floating rate note in dollars and tapped the US commercial paper market, is also "looking closely" at Eurocommercial paper. It has already raised sterling through private placements.

The bank's pre-tax profits rose slightly last year to £43m from £42.6m in 1984. Tetal assets slipped to £1.97bn from £2.32bn, bowever, because of the weakness of the dollar.

The bank is now concentrating its efforts in merchant banking activities, including asset trading, trade finance and the arrangement of syndicated loans to Latin American customers under the relending facilities incorporated in debt rescheduling arrangements.

$100m credit for Spanish finance agency

By Peter Montagnon, Euromarkets Correspondent

INSTITUTO de Credito Official, Spain's state-owned financing agency, has launched s $100m eight-year revolving credit in the Euromarkets.

Led by First Chicago, the deal carries s commitment fee of 6¼ basis points. Drawings will carry a margin over London interbank effered rates of 10 basis points for the first two years rising to 12½ points fer the remaining six.

Like many other Spanish borrowers, ICO bas been paying dewn its foreign debt. Apart from refinancing of specific deals, this is believed to be its first borrowing in the syndicated loan market in two years.

Altheugh the new deal is not connected to prepayment of any specific borrowing, ICO is also expected to nse the funds to replace existing debt. Repayments on the credit will begin after a grace period of six years.

Bundesbank cut spurs issuers

BY CLARE PEARSON

THE EUROBOND markets saw a crop of new issues yesterday, *many of whicb met with* an enthusiastic reception, after the Bundesbank cut the discount rate by half a point.

The lowest coupon ever in the dollar warrants sector was set on a $150m deal for Nippon Oil. This was 4 per cent, ⅛ below the indicated level. Each bond carries one warrant, the price on which was set at Y291, 2.587 per cent above the closing price ef the shares. The deal is led by Nomura International.

A low conpon was also set on the $130m tranche of the issue fer Hanwa, the Japanese steel trader, *which is guaranteed* by Bank of Tokyo. The coupon was 4¼ per cent, ¼ per cent below the indicated level. The exercise price was set at Y810, a premium of 2.469 over a closing price on the share of Y790. The bonds with warrents were quoted at 107½ bid, *unchanged after the fixing of* the coupon. Yamaichi International (Europe) led the deal.

Union Bank of Norway lanched a warrants only deal, lead-managed by Morgan Guaranty. A total of 100,000 warrants may be exercised on four dates during the next year into a 14 per cent Australian dollar bond at par.

The exchange rate has been fixed at $0.70 to A$1. The warrants traded yesterday afternoon at around just below their issue price of $15.

Nissan Motors came to the market with a $100m deal, led by Yamaichi, with Chase Manhattan and IBJ as co-leads. The bonds mature in 1993, and pay *a coupon of 8¼* per cent. The issue price was 101½, and the initial yield around 40 basis points over US Treasuries.

Four co-leads joined Shearson Lehman to complete the management and selling group for General Electric's $300m seven-year extendable issue. They were *Credit Lyonnais*, Dresdner Bank, Nomura International and Societe Generale.

In the sterling *sector*, Westpac, the Australian bank issued £50m fixed rate bonds led by Morgan Grenfell. The seven-year bonds bear coupons of 10⅛ per cent. At an issue price of 99⅞ per cent, the spread over gilt yields at launch was about 75 basis points, welcomed by the market as generous. Later in the day the bonds were bid at a discount ef 0.95, well within fees of 1⅞ per cent.

The lowest ever coupon on a 10-year samuri issue was set by Nikko Securities on the Y30bn issue for Electricite de France, the Frencb state electricity agency. This was 5.9 per cent The issue matures *in 1996*, and the issue price is 99.40 per cent.

In the Swiss franc market, the conpon on Hanwa's SFr 90m issue was set at 2½ per cent. The final terms were set on two private placements: a SFr 80m 2½ per cent issue for Daido Steel, and a SFr 2½ per cent issue for Ikeda Bussan.

Von Clemm to head Merrill unit

By Our Euromarkets Staff

DR MICHAEL VON CLEMM, wbo resigned in January as chairman of Credit Suisse First Boston, has been appointed chairman of Merrill Lynch Capital Markets, the company's global investment banking organisation.

The appointment yesterday came as a surprise to Eurobond bankers, many of whem had expected him to pursue activities outside the capital markets following his sudden departure from CSFB.

Merrill Lynch said yesterday that Dr von Clemm will help the company develop its capital market strategy and client relationships as well as provide guidance on new products and the integration of its cross-border services.

Last year Merrill lagged behind CSFB in the Eurobond *new issue business, arranging* deals worth $8.1bn compared with the latter's $19.2bn.

In a preparea comment yesterday, Dr von Clemm, 51, said, bowever, that he was attracted by Merrill's particularly broad approach to its business.

"Merrill Lyncb has set the pace for the entire industry in the globalisation of the capital markets," be said. "It is unique in enjeying stock exchange memberships in the US, Canada, the UK and Japan. Its capital resources are combined with a unified distribution network unrivalled in its glebal scale."

Dr von Clemm said be would be "belping to establisb Merrill as the world's premier investment and merchant banking organisatien."

He will be based in New York, and is expected to jein the board of the Merrill Lyncb *parent company*.

Canadians buy into Belgian carriage maker

By Paul Cheeseright in Brussels

SOCIETE GENERALE de Belgique bas sold a 45 per cent share of BN, formerly La Brugeoise et Nivelles, the Belgian rail transport manufacturer, to Bombardier of Canada for BFr 437.48m ($9.5m).

Tbe link with Bombardier, also a rail transport manufacturer with utility vehicle interests, will enhance BN's penetration at international level, Societe Generale said yesterday.

Following the sale, Societe Generale, the major Belgian industrial and financial holding company, will retain 20 per cent ef BN's eqnity. Bombardier paid BFr 900 a sbare fer its stake. Trading io BN shares was suspended at BFr 1,060 earlier this week, pending yesterday's announcement.

Although the shift in the BN equity dees net involve any immediate cash transfusien for the company, the link with Bombardier opens up the possibility of a wider market fer Belgian products.

The chief problem BN has had to face in recent years is the fact thet its international order-book has not been large enough to effset lower demand in Belgium itself.

In 1984, tbe last year fer which figures are available, BN recorded a net less ef BFr 28.6m after making a small profit in 1983.

On the international level BN is currently best knewn fer providing the carriages for the Manilla urban transport netwerk. It failed to win contracts fer a similar project in Hong Keng, but is now vyiog fer a contract in Kuala Lumpur.

BN bas little presence en the North American market. It is hoping to secure this through the Bombardier link. In return it offers Bombsrdier greater engineering capacity.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.
Closing prices on March 6

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amev 10¾ 92	100	105½	106	−0⅛	+0⅛	9.18
Amex Credit 10⅞ 90	100	[illegible]	[illegible]	[illegible]	+0⅛	8.66
Atlan. Richfield 10¼ 00	250	104¼	104¾	0	+2⅞	9.64
Australia Com. 11 95	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia Com. 11¾ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BP Capital 11½ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Campbell Soup 10¾ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 11½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Pac. 10¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CEPME 10¼ 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp 10 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp 10 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp 10¾ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Lyonnais 9 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit National 11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Kgdm. 11¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Kgdm. 11¼ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Kgdm. 11½ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EDF 10 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 8½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 9½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 10¾ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 12 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eli Lilly 10½ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equit. Lrd. Ries. 10¾ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Export Dev. Cpn. 10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fed. Dep. Strs. 10¼ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ford Motor Crd. 18½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ford Motor Crd. 11¼ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ford Motor Crd. 12 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. El. Crd. 10¾ 00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC 10¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC 10½ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IAOB 9⅝ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IAOB 10¾ 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kellogg Co 10⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kellogg Co. 11¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Cr. Bk. 10¾ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pillsbury Co. 10¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Proct. & G. A' 9⅝ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pru Realty S. 12¼ 00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Qantas Airways 10⅝ 00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Hydro 11⅝ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Queensld. Gvt. 10⅛ 00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ralston Purina 11⅝ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Saab Scania 9⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Saskatchewan 10¾ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Scandinavia Air 10¾ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
State Bk. S. Au. 9¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sistoll 10 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S. Wales Trsy. 11⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Exp. Crd. 10 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swedon 10⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden Kgdm. 10⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden Kgdm. 11⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden Kgdm. 11⅝ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tenneco Cpn. 10¾ 00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Utd. Tech. Fin. 10½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Victorian Rep. 11⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 9⅞ 2016	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 10⅛ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week +1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copenhagen 7⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit National 8¼ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dow Chemical 6⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 6⅝ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Emhart Cpn. 6¾ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ESCOM 8 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ex. Im. Bk. Korea 7⅝ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ferrovie dello St. 8 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland Republic 7 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gould Int. Fin. 7⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland 8⅝ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
I/S Elsam 8⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Fin. Cpn. 7⅛ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsbshi. H. 3⅞ 99 WW	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Misbshi. M. 3⅞ 89 XW	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec-Hydro 7½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Renfe 7½ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Soc. C. Nuclear 7⅝ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Soc. C. Nuclear 5 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S. African Tran. 7⅝ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day +0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avon. Cap. Cpn. 5⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bl. Land. Comp. 6⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chrysler 5⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Council of Europe 8 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Creditanstalt 5⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eeutscho Bk. 5¼ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 5⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Occidentale 4⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Glendale Fed. 5⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ind. F. Finland 5¼ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int. Am. Ev. Bk. 5¼ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
N. Zealand Steel 5⅝ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eberos. Ktwk. 5⅝ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Olivetti Intl. 5⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pepsico 5⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philbo-Salomon 5⅞ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ralston Purine 5⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo Elec. P. 5⅝ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo Metropolis 5⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 5⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Eurofima 6⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Exp. Crd. 6⅞ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Syntex 6⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Walt Disney 6⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Westinghouse 6⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Barclays Au. 12⅞ 90 A$	50	94⅛	95⅛	+0⅛	0	14.7
Creditanstalt 12⅞ 90 A$	50	97½	98½	0	−0⅛	13.43
Fiat Finance 14⅞ 89 A$	50	98½	99½	0	+0⅛	14.94
Swed. Ex. Cr. 13 88 A$	40	97	99	0	−0⅛	14.13
Amex 10¾ 90 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canad. Pac. 10⅞ 90 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CIBC 10⅞ 00 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Genstar Fin. 11⅞ 95 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Montreal 11⅞ 95 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ryl. Trustco 10⅞ 90 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sears Acc. 10⅞ 92 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Coca-Cola F. 17 90 NS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nordic I. Bk. 18 89 NS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unilever Cp. 17⅜ 89 NS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copnhagn. 7⅞ 95 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurotel 9 93 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Walt Disney 8⅞ 94 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Honda WW 3⅞ 90 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Honda XW 3⅞ 90 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Thyssen 7⅞ 90 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Woreldhave 7⅞ 90 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Westen. 6⅞ 90 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurolima 11⅞ 92 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aresv 11 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam Com. 11 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 11⅞ 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC UK F. 10⅞ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imp. Ch. Ind. 11⅞ 00 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imp. Ch. Ind. 10⅞ 95 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
McDonalds 10⅞ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsbshi. F. HK 11 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NSW Treasy. 10⅞ 92 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Rank Xerox 11 92 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Ind. 10⅞ 92 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
J. Sainsbury 10⅞ 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tricentrol XW 11 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tatham. Forte 11⅞ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 11⅞ 86 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
COE 8⅞ 00 LFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
N. Lux. Al. 18⅞ 92 LFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Abbey Natnl. S 2000 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Anglia Bldg. S. 8 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bankers Trust 5 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium Kngdm. of 91 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNP 5⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Britannia 5 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CCF 5⅞ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp 5 2005	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp 5 2035	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Lyonnais 5 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 5 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ENEL 5 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland 5⅞ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lloyds Bank Perp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Midland Bk. Perp. 5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NatWest Perp. A	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NatWest Perp. B	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 5 2001	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Prudential Cpn. 4 95 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R. Bk. Scotland 5 Perp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R. Bk. Scot. 5⅞ 2005 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Societe Generale 5⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
United Kingdom 5 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Weodside Fin. 5⅞ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Woolwich 5 95 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day +0.03 on week +0.08

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Comarex 7 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fanuc 3⅞ 98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fujitsu 3 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fujitsu 3⅞ 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kumagai Gumi 3⅞ 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marui 3⅞ 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Minolta Camera 2⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi Elec. 2⅞ 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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Murata 3⅞ 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Elec. 2⅞ 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Elec. 3⅞ 2001	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Oil Co 3 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKI Elec. Ind. 3⅞ 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sanwa Bank 2⅞ 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sekisui House 2⅞ 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sumitomo Bk. 2⅞ 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sumitomo Cpn. 2⅞ 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Taiyo Yuden 3⅞ 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Takeda Rkn. 2⅞ 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo S'yo El. 3⅞ 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Toshiba Cnnce. 3 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Oil 2⅞ 92 SFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nip. Shinpan 2⅞ 92 SFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asics 8⅞ 92 SFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Renown 3⅞ 00 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK COMPANY NEWS

US loss hits Cadbury profits

BY LIONEL BARBER

CADBURY SCHWEPPES, the chocolate and soft drinks group, yesterday reported a 25 per cent drop in pre-tax profits to £93.3m for the year ending December 1985.

However, the figures were in line with City expectations and the shares rose 4p on the day to close at 170p.

The fall was largely dne to a 42.5m reduction in profits in the group's critical North American market where it recorded a trading loss of £5.6m. But Sir Adrian Cadbury, chairman, said a stronger pound was also to blame.

Trading profit fell 27 per cent to 113m. In local currency terms, however, outside North America, Cadbury Schweppes companies increased trading profits by 13.5 per cent. The final dividend is maintained at 4.3p with the total payment unchanged at 5.9p.

Group sales fell 7 per cent to £1.87bn. Sir Adrian said that actual sales had risen by £104m, but the strengthening of sterling against almost all international currenciea cut the figure by £246m.

Sir Adrian and his brother, Mr Dominic Cadbury, group chief executive, both described the performance in North America is quite unacceptable. The losses were largely due to misdirected enthusiasm in the Fore casts of consumer —O: confectionery operations. Forecasts of consumer demand bad been out by between 20 per cent and 57 per cent in early 1985.

Mr Cadbury said top management in North America had been changed drastically, includnig the number of vice presidents, the equivalent of a British director, being cut from 51 to 36.

A former Nestle executive, with 30 years' experiencа in confectionery, bas been appointed to run Cadbury's confectionery division.

"We are now less bureaucratic, less cluttered aod (bave) less overheads."

In the UK, sales grew from £920.8m to £951.2m, with a £3.3m risa in tradiog profit to £65.6m. Mr Cadbury said the group'a share of tha UK chocolate market bad risen from 26.1 per cent to 26.5 per cent, opening a 2.5 per cent gap with its major competitors, Mars and Rowntree.

Mr Cadbury said, Schweppes had showo a very eocouraging improvement in tbe UK. Overall drinks sales fell from £742.5m to £688.8m with trading profits falling from £53.8m to £42.8m. Again, bowever, these figures were affected by sterling's strength.

Earnings per share fell from 15.65p to 9.31p on a net basis, from 23.62p to 15.56p on a pre-tax basis.

Mr Cadbury said 1986 was a year for a fresh start with the group concentrating on its core businesses, confectionery and soft drinks. Sir Adrian disclosed that several parties had expressed an interest in the food and beverages division in addition to the proposed £82.5m maoagement buy-out. He expected a deal to be completed within the next few weeks, but he declined to name any of the interested parties.

Cadbury Schweppes Australia, the 61 per cent-owned offshoot, pusbed net profit 20 per cent higher from A$20.4m to A$24.5m on aales which were 24 per ceot bigher at A$ 473m. Lachlao Drummond writes fram Sydney.

The soft drinks division increased trading profit by 10 per cent to A$15m, while confectionery was up by 14 per cent. The figures included a first full year from the Cottee's food division which contributed A$80m sales and A$5m.

The South African subsidiary suffered from higher raw materials which meant lower profits despite increased sales. Profit before tax and interest dropped to R11.06m from R13.92m. Schweppes sales fell as the fizzy drinks market was depressed throughout the year. Jim Jones wriles from Johannesburg

The group has sold its wine division, trading under Courtenay Wines and R B Smith names, to Edward Butler Vintners for about £1.25m.

● Cadbury and 31 (1ovestors in 1odustry) have joined forces to market a io-bome fizzy drinks dispenser—SodaMate—in the US and Canada, with up to $50m to be made available over tbe next four years. The new product had been developed in tha US by Cadbury at a cost cf $15m.

See Lex

UK side behind Barclays' record £854m

BY MICHAEL CASSELL

ALL MAJOR UK operations within Barclays, one of tbe Big Four clearing banks, raised profits during 1985, belping to contribute to a record pre-tax total of £854m, np 37 per cent from the previous year's £623m

Barclays in tbe UK returned pre-tax profits of £592m (£349m), while Mercantila Credit contributed a further £79m, up from £63m. Barclays *Merchant Bank pushed* up profits from £14m to £21m and although other UK operations saw a dip from £81m to £70m. the decline reflected the sale of the stake in the Bank of Scotland.

Group provisions for bad debt eased slightly from £469m to £416m, with the year-eod total reaching £1.25bn against £1.29bn in 1984. Specific provisions accounted for £363m (£403m) of the total made doring the year.

Barclays is paying a second interim dividend of 10.2p (8.48p) making 18.6p (16.3p adjusted).

Net Interest income for the year reached £2.3bn, up 11 per cent, and total group income rose 13 per cent to £3.4bn.

Earnings per share went up by 30 per cent to 69.5p and shareholders' funds and loan capital totalled £5.4bn, an increase of £736m. Assets at the year end stood at £65.1bn (£66.9bn).

The banks' free capital ratio at the end of 1985 was 7 per cent against 5.2 per cent a year earlier. This rises to 7.9 per cent of the January issue of $750m primary capital notes is *included.*

Barclays said that the integration of the UK and international banks from tha start of 1985 had belped to improve overall profit performance.

Among initiatives taken to enhance customers services, a financial services division had been created and further investment had been made in Barclays de Zoete Wedd, soon to become the bank's domestic and international securities and investment group. Capital investment in BZW will reacb £250m by next month, when tbe bank acquires 100 per cent ownership.

Specific bad debt provisions in the UK were down 10 per cent at £181m, 41 per cent of which related to loans of less than £15,000.

Tbe bank said overseas operatioos had achieved encouraging results in a number of areas, notably BarclaysAmericanCorporation and Barclays Bank of New York.

Pre-tax profits in tbe US fell, bowever, by £11m to £34m.

Profits from Barclays' international operations heyood tha US declined by 13m to £58m. The bank said that it had decided to adjust profits in areas where the tlming of profit-flow was uocertain. It is adoptiog the sama approach ln respect of countries experiencing byper-Inflatioo, in order to recognise its impact on the worth of working capital employed. As a result of the change, pre-tax profits bave been reduced by £41m and a reduction of 51m has been made ln reserves. The pollc.y change lo volves seven Third World; countries.

● **comment**

Moves to improve the quality of reported profits are a sign of relative prosperity. Among the UK clearing banks, Barclays bas made the most pointed one-upmanship gesture towards its less well capitalised neighbours by forgoing £41m of pre-tax profit that it would have taken last year, aod writing off £51m of reserves. This is ooly reasonable; where subsidiary dividends do not arrive, profits are only dubiously worth consolidation. If there is a puzzle about this, it ls that Barclaya did not draw that conclusion earlier. Even after this piece of renunciatioo, Barclays was able to regain its place at the top of thc pre-tax profits league, and its 6.2 per cent ratio of sharebolders' funds to public liabilities is a full point ahead of NatWest's. The US branch banking oetwork is still a problem (old energy loans still bringing new provisions); outslde New York and Coliforoia, Barclays branch banking in the US may not bave a long future. In the UK, bowever, Barclaycard is still making very nice, if undisclosed, profits and the plc's enjoyment of its rights issue has done wonders for profitability. Down 13 at 488p, the shares yield a very comfortable 5¼ per cent.

Court to hear Rank case on IBA veto

By Raymond Snoddy

THE JUDICIAL review of the Independent Broadcasting Authority's decision rejecting any Rank Organisation takeover of the Granada Group will be heard oo Monday.

This is the same day as Granada was doe to hold its annual geoeral meeting. The plan is for the AGM to be opeoed and adjourned unlil after the onteome of the legal *proceedings* is known.

Granada says that at tbe adjonrned meeting it will provide overwhelming reasons why thc Rank hid should be rejecled "if it has not been already abandoned by the date of that meeting."

The Rank Organisation asked for the jndicial review to see whether the IBA had correctly fulfilled its duties noder the 1981 Broadcastlng Act in effectively blocking the £753m cootested bid.

The IBA ruled that it was "unacceptable" for tha ownership of a viable ITV franchise to change hands.

The articles of assoc'-'ion of Granada Gronp, at the insistence of the IBA, state that no more than 5 per cent of the voting shares in Granada ean cbange hands without the IBA's consent. The main legal polnt to be answered is whether the IBA exceeded lts authority in finding the Rank bid "unacceptable."

Howden £7m US purchase

Howden Group, the Glasgow-based engineer, is paying at least $10.25m (£7.1m) cash for Western Design Corporation, a California-based supplier of defence equipment, in its second US acquisition within a week.

Western makes ammunition handling and feed systems for the US armed forces. It made a pre-tax profit of $1.7m for the year ended January 1986 and bad net assets of $3.46m at the year end.

Howden will make an immediate cash payment of $10.25m followed by up to $1.4m in June 1987 dependent on profits for the period February 1986 to April 1987. Further profit-linked payments are possible up to 1991.

TI recovery picks up with 61% profit rise

BY DAVID GOODHART

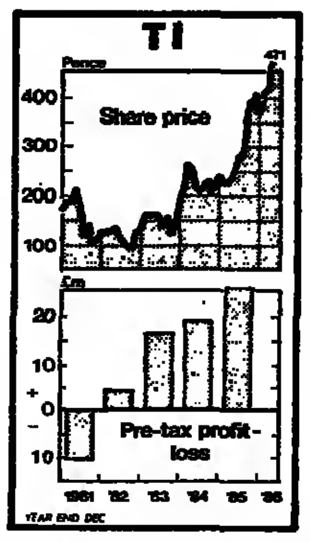
PRE-TAX profits of TI Group, tbe cycles, home appliances and engineering group, rose by 61 per cent to £30.6m for 1985, re-establishing the group's recovery trend. Tbe results were in line with City expectations but the sbare price closed up 18p last night at 471p.

Turnover increased by 2.7 per cent to £997.1m although after allowing for disposals and other adjustments tbe increase is estimated at 8.3 per cent.

Mr Ronny Utiger, the TI chairman, said: "We bave strengtheoed our core businesses, made progress io dealing wlth loss-makers, and realised £16m by disposal of about balf of our peripberal busioesses. Tbis is in line with the policies set out in my statement last year, and we approacb 1986 with a great deal of confidence."

He added that while £5m had been knockad off the losses there "was still a job to do on tbe problem businesses"—in particular cycles. The core businesses improved by £8m. Interest costs of just over £20m were unchanged from last year but gearing was down from 42.3 per ceot to 33 per ceot.

Mr Utiger said that good performances had come from domestic appliances and automotive components. Specialised engineering was bit by contiouiog lossea in the gas cylinder industry.



Tha main area for improvement in 1986 will be specialised engineeriog, with lower interast costs to look forward to and the savings from tbe pensioo fund boliday rising from £1.9m to £6m.

Mr Utiger again dismissed tbe likelihood of a bid from Evered Holdings, the fast growing manufacturing conglomerate, wbicb bolds a 20 per cent stake in TI. He said that in the ligbt of the figures a bid from the far smaller Evered "ls not credible." Mr Raschid Abdullah, chairman of Evered, said all his options remained open.

By coincidence consultations began yesterday at TI Raleigh's Nottingbam plant on the radical restructuring of the cycle compaoy. About 30 per cent of the Raleigh workforce was cut last year but further cuts io tha 1800 workforce are likely. Raleigh lost £7.8m last year because despite substantial cost reductions total sales in the UK market fell to 1.5m uolts compared with a five year average of 1.9m. Mr Utiger said that assuming a return to ooly slightly below average sales there would be far lower losses in 1986 and with average sales Raleigh might even achieve break-even.

Tbe board is recommending a final dividend of 8p to give a total for the year of 13p, ao increase of 3p. Earnings per share are 29.6p compared with 22.2p.

See Lex

Mitchell Cotts' 24% downturn

Mitchell Cotts, the engineering, transportation and trading group, yesterday announced a 24 per cent drop in interim pre-tax profits and warned that tbe outlook for the year waa for profits to be lower than the £12.1m achieved in *1984-85.*

In the six months to December, profits before tax ware £3.23m compared with £4.23m, on turnover down at £167m (£178m). Interest paid was £2.29m (£2.83m). After taxes of £1.56m (£1.81m), minority interests of £149,000, the profit before extraordinary items was £1.53m (£2.34m).

Continuing losses at Alldays, Peacock and at the bleak prospects for Key Resource International led the group to decide to sell the former and close the latter. The writing back of deferred development expenditure for KRI and its closure costs plus the book loss on Allday produced together an extraordinary debit of £4.68m.

After this debit, attributable profits fell into the red at £3.15m (profit £994,000). The interim dividend of 1.5p bas been maintained. Earnings per ahare were 1.65p (3.2p).

Mr John Storar, the chairman, *said that adverse exchange* rate movements bad cost the group £900,000 and tbat lower tea prices had wiped £400,000 off the contribution from the estates ln India in spite of higher production. No tea sales from Uganda were possible as the growing area was within territory cootrolled by forces opposed to the then government.

● **comment**

There is a troubled air about Mitcbell Cotts. It is a blow to bave to sell off at a bookloss one's oldest gronp member (Allday's lay claim to baving *made armour for Cromwell*) but the closure of KRI surely must hurt more. Only last year, KRI was created as the vehicle for co-ordinating the group'a enginaering activities. The future was to be UK nriented with the empbaais on engineering and transportation as the planned move away from depandence on trading and South *Africa came into effect.* This act bas sbocked the market perhaps a little mora than tha awful figures. The question now being asked is does Cotts know wbere it's golng and just bow much will it cost to get there. At least another £500,000 is to coma for redundancy costs in tbe second balf and possibly other costs too. For those who have the stock for its yield attractions, the bolding of tbe interim ls a small gesture to bolster confidence of what the year end migbt bring. Bnt witb no dividend cover available at the interim and only slim cover, if any, likely at the year end, maintaining the payout could appear an act of exceeding generosity.

UK COMPANY NEWS

Williams Holdings climbs to record £6.4m

WITH ALL its divisional activities—except engineering products—showing substantial increases in trading profits, Williams Holdings reports a 55 per cent jump in pre-tax profits for 1985.

A dividend of 9p—the first since 1980—is being paid. In future years, the board proposes that separate interim and final dividends should be paid.

The pre-tax figures were a record £6.35m compared with £4.08m in 1984, and included a full year from J. and H. B. Jackson, which has been merger accounted, but do not include any profits from either the Rawlplug Group (acquired in December 1985), or from Spencer Clark Metal Industries, where the offer became unconditional on February 11 1986.

Comparative figures for 1984 have been re-stated to include a full year from J. and H. B. Jackson.

Turnover of this South Wales founder, engineer and vehicle dealer climbed from £78.35m to £100.95m, and vehicle distribution contributed over one-third with £39.25m (£22.27m). Trading profits of this division were up from £323,000 to £1.32m.

Although turnover for the engineering products division was up from £8.11m to £9.71m, trading profits fell from £693,000 to £463,000.

Special engineering's turnover was down from £15.04m to £13.88m, but trading profits advanced from £1.57m to £1.67m. Other turnover and trading profits by division resulted: plastics £13.02m (£11.49m) and £1.17m (£779,000); foundries £11.06m (£11.96m) and £870,000 (£541,000), and forging £14.02m (£9.48m) and £1.46m (£558,000).

The directors say the company's financial position is sound and its operating companies are trading well in their respective markets.

The year-end pre-tax figures were struck after net interest charges of £586,000 (£907,000) and an exceptional credit of £81,000 (£425,000). Tax was up from £1.16m to £1.6m, and after preference dividends of £48,000 (£86,000), profit on ordinary activities attributable to Williams was £4.71m compared with £2.85m.

There was an extraordinary credit of £53,000 (£1.94m debt), and after ordinary dividends of £1.64m (£535,000), retained profit transferred to reserves amounted to £3.12m (£376,000).

Stated earnings per 25p share were 38.4p (15.8p) basic, and 22.4p (12.3p) fully diluted.

● comment

Williams fully justifies its tag as the City's favourite mini-conglomerate with these figures which were slightly above expectations. The duo at the helm—Mr Nigel Rudd and Mr Brian McGowan—had clearly hoped to use them as a platform for the now lapsed bid for McKechnie Brothers. But the McKechnie failure should not markedly break momentum. If the Williams stakes in McKechnie and Thomas Robinson were sold it would more than wipe out borrowings and release cash for a fresh round of smaller acquisitions. There have been a few problems integrating Beeston Boilers into Leys Foundries and a slower than hoped for rise in efficiency at J. and H. B. Jackson but the retreat from the niche aerospace businesses are good. Next year looks better with estimates now clustering around £11m giving a prospective p/e of 15. Rawlplug, which is not included in these figures, has already had £1.5m of overheads cut out by the feared "hit squads." No wonder the institutions are queuing up to get into the stock.

Argyle sheds its Guinness Mahon link

By Charles Batchelor

Argyle Trust yesterday took the unusual step of breaking off its banking relationship with Guinness Mahon, after Guinness disclosed it had built up a 9.36 per cent stake in the second mortgage group.

Guinness, part of the Guinness Peat group, is understood to be interested in making an agreed offer for Argyle, but this was rejected by Argyle yesterday.

Mr Nicholas Oppenheim, Argyle's deputy chairman said: "I cannot envisage any form of association with Guinness Mahon which would be to our shareholders' advantage."

Argyle revealed that Guinness made an informal approach to Argyle last summer indicating it was interested in making an offer for the whole of Argyle at or about the then market price. This approach was rejected by Argyle and Guinness withdrew.

At the time of the first approach Guinness apparently held no Argyle shares. Shortly after it began market purchases and moved from below the disclosable level of 5 per cent to 9.36 per cent earlier this week.

Argyle's main operating subsidiary has had a £2m credit facility from Guinness for the past two years, of which £1m has been drawn down.

Argyle said it did not consider it was appropriate in these circumstances that it should have a banking relationship with Guinness and it has made arrangements to bring it to an end.

Argyle's shares rose 1p yesterday to 48½p to value the company at £9.3m.

SPP rises 40% to £2.7m

IN ITS first results since obtaining a listing in November, SPP, which designs, manufactures and supplies fluid handling systems, has lifted pre-tax profits for 1985 by nearly 40 per cent, from £1.96m to £2.74m. The forecast at the time of listing was for not less than £2.9m.

The directors are proposing the single final of 2p as foreshadowed in the prospectus. This will absorb £314,000. Earnings per 10p share are shown ahead from 8.1p to 11.7p.

Mr John Nutt, the chairman, says that although it is too early to predict how the recent fall in oil prices will affect those parts of the business which supply oil producers or are engaged in oil producing countries, SPP is well diversified in the markets it serves, and he says that setbacks in certain areas are often balanced by opportunities elsewhere. Accordingly, the board anticipates another satisfactory year.

Turnover improved by 6.6 per cent to £33.5m against £30.5m, and at the year-end the order book represented a significant increase over the previous year.

After tax of £1.12m (£833,000) and minorities of £6,000 compared with £24,000, attributable profits emerged £515,000 higher at £1.62m.

Belgrave Holdings

Tifo AG now has a 23.5 per cent stake in *Belgrave Holdings* following the purchase of 1.75m ordinary shares (11.75 per cent) from Tomer Maritime Holdings.

Meyer Intl. in £8m sale

Meyer International, the largest British timber merchant, is selling off minority stakes in two Far East companies and a freehold property in London's Docklands in two separate deals worth a total of £8m.

Meyer is selling its 24.5 per cent holding in Delta Berhad, an unlisted Malaysian company, and its 27 per cent stake in Delta Far East, a private Hong Kong company. These sales are expected to raise about £4.4m after receipt of a deferred payment of £450,000 due in August.

The property sale involves a site on the Isle of Dogs. This deal will raise £3.6m on an investment valued at £306,000 in Meyer's books.

Newbold & Burton higher

Newbold and Burton Holdings, the Leicester-based footwear maker attributes better results mainly to continued moves towards broadening the customer base among big UK retailers.

The company raised pre-tax profits for the year to December 31, 1985 by almost 3½ times from £83,000 to £283,000 on turnover up 10.9 per cent up from £12.31m to £13.66m. Earnings per share rose from 0.83p to 3.31p and the final dividend, like the interim, is to be 1.54p, matching 1984's total of 3.08p.

JM progress continues as borrowings fall sharply

Johnson Matthey has consolidated the progress made since its crippled former subsidiary, Johnson Matthey Bank, was taken over by the Bank of England in 1984.

The figures at the three-quarter stage of the 1985-86 year, published yesterday, show a 39 per cent increase in taxable profits to £17.8m, and a further reduction in net money borrowings—at the end of the period, these stood at £137m, some £147m down from the previous year's peak. The profit improvement was the result of a fall in net interest payable, down from £19.6m to £13.6m.

Third quarter profits were 115 per cent ahead at £7.3m, and interest charges were halved to £3.6m.

Nine month operating profits, including £3.89m (£3m) from related companies, slipped from £32.5m to £31.4m.

The comparative figures exclude the results of JMB. Since the sale of the bank, Johnson Matthey has concentrated on precious metals and chemicals, and these produced turnover of £1.02bn for the nine months, £100m down on the previous year.

The directors say that demand for platinum group metals has remained buoyant, although average sterling prices during the period were lower than last year.

After tax of £4.8m (£5.2m) for the nine months, there was an extraordinary item of £5.5m relating to refinancing, reorganisation costs and other losses, offset by a credit relating to the disposal of the company's interest in Universal-Matthey Products. Last year's charge of £167.4m resulted from the JMB disposal. Retained profit amounted to £5.8m, against a £159.8m deficit.

Before the extraordinary, earnings per share came to 8.6p (5.6p) basic and 7.3p (4.2p) fully diluted.

● comment

In Johnson Matthey's last set of quarterly figures before it returns to bi-annual reporting, the strongly downward trend of group debt is a marked feature. In August 1985 a £265.5m medium term financing facility, which replaced the crisis package put together after the collapse of JMB, was put in place. Eugene Anderson's cash squeezing and disposal programme has been successful enough to permit pre-payments to be made. By December 31, some £195m was left outstanding and a further £10m prepayment has been made subsequently. Another plus is that below the line write-off's are now modest in scale, the annual total could be less than their nine month figure due to positive contributions from recent disposals. For the year to March pre-tax profits of £27m are seen as achievable by the analysts but already the City has to be looking to next year. Sterling is now less friendly to precious metal companies than last year; gold is at fairly high levels, silver is at the bottom of a deep trough and platinum has been a spectacular gainer. JM's shares have recovered from the 63p low seen when the JMB disaster struck. At 170p most of the short-term recovery would appear to be in the price and it is still too early for a performance related rerating.

Pacer Systems tops profit forecast

Pacer Systems, the US defence group traded on the USM, doubled pre-tax profits from $573,000 to $1.15m (£0.79m) in the year ended December 31 1985. This exceeds the $1.05m forecast made at the time of the placing in June.

Tax took $550,000 ($260,000), giving a net balance of $595,000, against $313,000. Earnings per share were $0.16 ($0.1) undiluted or $0.14 ($0.09) diluted, and there is a single final dividend of $0.02 per share.

Turnover was up 39 per cent at $17.04m ($12.28). The current order book is about $52m, having reached $45m at the year end, up from $30m at the end of 1984.

For three years running, Pacer has won major engineering and technical support contracts from the US navy. Last month, the company announced a $10m software validation contract, in addition to two contracts announced during 1985 worth $13.3m and $14m respectively. These followed the $16.5m contract won in 1984.

UK COMPANY NEWS

Hanson and Imperial bid battle intensifies

BY MARTIN DICKSON

ACRIMONY intensified yesterday in the £2.4bn takeover bid for Imperial Group from Tanson Trust, when Imperial launched a scathing attack on Hanson's profits performance and aHnson accused Imperial of grossly misleading inaccuracies.

Imperial, in a letter to its shareholders, said Hanson's forecast of 1986 pre-tax profits of £340m, up 34 per cent, seemed to confirm the industrial conglomerate's "lack of organic growth."

The letter estimated that £52m of the increase was net interest savings from Hanson's rights issue last year, and £32m would be a first time contribution from SCM, the recently acqnired US chemicals, typewriters group.

The balance, £3m, was all that was left for organic profit growth. This, it said, suggested that Hanson was itself forecasting profit growtb of less than 2 per cent for all of the businesses it would own for all of 1986.

Imperial argued that if Hanson's bid were to succeed, its borrowings, even when shown net of cash, would rise by more than £1.1bn to well over 100 per cent of net worth.

"With this level of debt, would Hanson make the capital investment which branded consumer businesses need for long term success?" it asked. "Is it not more likely that Imperial would be broken up to reduce the debt?" The market would also have grounds for fearing a new Hanson rights issue.

Urging shareholders to accept the rival, agreed hid from United Biscuits, Imperial said that Hanson'a shares had a questionable future valne. Its cash alternative offer was worth only 293p, a price earnings multiple of less than 11 times forecast earnings and a "manifestly inadequate price."

Mr Martin Taylor, a Hanson director, last night declined to comment in detail on Imperial's accusations, saying that the company would demonstrata its performance in due course. However, he was delighted that Imperial had given a strong valuation to the contribution from SCM, which all evidence suggested was a good huy.

However, in a letter to Imperial shareholders, Hanson hit back at a recent newspaper advertising capaign in which Imperial had criticised Hanson's performance.

Hanson, whicb has issued writs against Imperial for defamation, said the advertisements had misrepresented the facts.

For example, one of Hanson's US operations had suggested its performance was unimpressive, whereas the group's record in the US was "one of the most successful of any British companies."

But Mr Geoffrey Kent, Imperial's chairman, said the information published had been obtained from authoritative sources "and in the absence of a detailed response by Hanson, we have had little alternative but to continue to press our points as forcefully as possible."

Hanson said yesterday that it bad bought a further 250,000 Imperial shares at 320.5p, raising its stake to 7.7 per cent. United holds 14.9 per cent. On the hasis of last night's closing prices, Hanson's cash and shares offer is worth 317p against United's shares, convertibla preferred shares and cash offer of about 323p.

GrandMet has slow start hit by weather and weak dollar

BY MARTIN DICKSON

Grand Metropolitan, the hotels, brewing and leisure group, has been affected by several negative influences in the first half of the present financial year but expects to have absorbed the impact by the ioterim stage, Mr Stanley Grinstead, chairman, told yesterday's annual meeting.

He said the influences included the present weakness of the dollar, which had hit the sterling value of the group's large American earnings. UK betting shops had suffered from the loss of more than 100 race meetings, and an upturn was still awaited in its US fitness business.

On the other hand, some UK businesses, particularly brewing and foods, were performing well at present.

Mr Grinstead added that it was too early to give a reliable indication of the prospects for the year. But he said the group's objective was to increase profits year-on-year by a reasonable margin over inflation.

"Given a good summer, I am hopeful we will achieve our objective despite the current weakness of the US dollar."

Grand Met shares fell in response to his cautious remarks, closing at 410p, down 10p on the day.

Mr Grinstead also launched an attack on the Office of Fair Trading, which has warned the brewing industry that it might be referred to the Monopolies Commission and has distributed a questionnaire to companies on the tied-house system.

"The authorities appear to condemn the successful brewing industry in this country to operate forever under the threat of investigation," he said. It is difficult to understand why, particularly since the industry has already responded so positively to earlier criticism and the requirements of the market place."

Brewers now controll less than 60 per cent of public houses, against nearly 80 per cent 20 years ago.

Mr Grinstead said this year the company would have the benefit of a full year's trading from two recent US acquisitions, Quality Care, a medical service, and Pearle Health Services, an eyecare business, and he expecte da measure of recovery from some of the problems of the winter.

The company was committed to increasing the level of its US profits to match those of its two other trading areas. In 1985, the US had produced a little less than 20 per cent, compared to about 40 per rcent in the UK and a little more than 40 per cent by international businesses.

There would be periods, as now, at when exchange rates would run against the group. But in the long term an increasing stream of dollar earnings would benefit shareholders.

COMPANY NEWS IN BRIEF

F.S. RATCLIFFE Industries swung back into profit in the six months to October 31 1985 with pre-tax figures of £1,770 compared with a loss of £57,922 in the corresponding period. First half sales improved from £815,450 to £1.14m. No tax was again payable, and earnings per 25p share were 0.22p against a loss of 7.29p. The company makes precision springs and has interests in contract painting.

FIFE INDMAR, an egineering company, almost overturned a first half downturn and finished 1985 with slightly lower taxable profits of £318,000 (£322,000). The final dividend is in effect unchanged at 2.75p, which holds the total at 3.5p (3.5p adjusted). Turnover was £14.22m (£12.9m) and earnings per share were 0.35p lower at 3.69p.

JAMES WILKES, maker of business forms and equipment, raised pre-tax profits from £770,000 to £1m in 1985 on turnover of £5.75m (£5.6m). Earnings per share were 16.5p (16.7p adjusted). The final dividend of 3.75p (3.6p adjusted) brings the total to 6.75p (4.8p adjusted).

BIOMECHANICS INTERNATIONAL reduced losses from £421,325 to £351,526 pre-tax in 1985. Turnover totalled £175,298 (£70,706). The company is an effluent treatment engineer—its share are traded on the USM. The Paris office incurred a loss of £89,451 and will be closed in April.

AMBER DAY, clothing manufacturer and retailer, announces lower taxable profits of £158,000 for the 27 weeks ended November 30, 1985, compared with £230,000 on turnover of £4.37m (£4.86m). After tax of £46,000 (£62,000) earnings per share are given as 0.05p (0.41p). There is no ordinary dividend and consideration or resumption of payment on preference shares will be reviewed at year end.

LAW DEBENTURE Corporation increased net asset value per 25p share from 198p to 234.1p in 1985. Pre-tax revenue was £2.99m (£2.48m) and earnings per share came to 8.14p (6.87p). A final dividend of 3.55p makes a total of 6.3p (5.5p).

DAVID DIXON: shares in the Yorkshire-based clothing group, were suspended yesterday at 325p, up 25p since the opening, pending an announcement hy the company. Earlier this year, the company called off merger talks with A. & J. Gelfer, a Glasgow-based textile manufacturer.

OFFICE & Electronic Machines shares closed last night at 217p, up 7p on the day, following oews that Hillsdown Holdings had increased its stake io the company from 10 per cent to 14 per cent. OEM is the sole UK distrihutor for Triumph Adler office equipment. Hillsdown, best known for its food business, also has interests in office equipment.

MP KENT — Mr Michael Kent, founder, has increased bls stake in the Bristol Evening Post from 20 to 25 per cent. The purchase, through his private investment vehicle Kent Holdings, makes him the largest single shareholder. The company has offered him a seat on the hoard which he is considering.

REED INTERNATIONAL has disposed of Sphinx, its Dutch subsidiary manufacturing sanitary ware, tiles and refractories, to Algemene Bank Nederland. The sale marks the end of Reed's building products division.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Abbott Mead	1.5	—	—	1.5	—
American Elect. ......int.	0.35	—	—	¶	—
Barclays ......2nd int.	10.2†	Apr 7	8.48*	18.6†	16.33*
Cadbury Schweppes	4.3	—	4.3	5.9	5.9
City & Comm.	2.28	Mar 31	1.72	4.5	3.62
City and Foreign Inv.	1	Apr 11	Nil	1	Nil
Corah	2.4	—	2.4	4	4
Delaney Group	1.6	May 1	1.4‖	2.4	2.2‖
Family Trust	5.38	May 15	4.4	8.26	6.9
Fifa Indmar	2.75	Apr 28	2.75*	3.5	3.5*
Instem‡	1.5	July 3	0.5	2.25	0.5
Law Debenture	3.55	Apr 23	3.25	6.3	5.5
Lex Service	6.5	Apr 17	6.5	10.6	10.6
Mitchell Cotts§ ......int.	1.5	—	1.5	—	4.25
Newbold & Burton	1.54	—	1.54	3.08	3.08
Shires Inv. ......3rd int.	2.5	Apr 25	1.5	—	12.5
SPP	2	May	Nil	2	Nil
Thermax ......int.	1†	—	Nil	—	1
TI Group	5	—	5	13	10
James Wilkes	3.75	—	3.6*	6.75	4.8*
Williams Hldgs	8	May 9	—	8	Nil

Dividends shown in pence per share except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ¶Final of 0.525p forecast. ‖14 month period.

LADBROKE INDEX
1,290-1,294 (−2)
Based on FT Index
Tel: 01-427 4411

BOARD MEETINGS

TODAY

Interims: Consolidated Plantations, J. Jarvis.

Finals: Alliance Trust, Anglo American Industrial, Derek Bryant, STC.

FUTURE DATES

Finals:

Ansbacher (Henry)	Mar 14
Alliance Computers	Apr 1
ASG International	Apr 2
Collins (William)	Mar 12
Invergordon Distillers	Mar 14
Jaguar	Mar 13
London & Scottish Marine Oil	Mar 25
Metal Closures	Mar 26
Refuge	Mar 19
Ryan International	Mar 20
Trade Indemnity	Mar 25

UK COMPANY NEWS

Electronics fall leaves Lex halved

A £22m TURNROUND into loss on the US electronic component side has left pre-tax profits of Lex Service halved at £23.6m for 1985, compared with £46.8m.

After tax of £9.8m (£19.4m) earnings per share are shown as 17.6p, against 34.7p, while the dividend is maintained at 10.6p with a same-again final payment of 6.5p.

The directors explain that while the automotive distribution and leasing businesses had another successful year, the company experienced a severe downturn in demand for electronic components, particularly semiconductors.

Management of the group's electronic component businesses continue to take prudent measures to improve profitability, directors say. While there are indications, particularly in the US, that demand for these products is increasing from the low level of 1985, the company is not yet sure that this improvement will be sustained.

Directors say the current year has started well for the automotive distribution businesses. In the first two months the market for passenger cars in the UK remained buoyant and Volvo concessionaires increased its sales and market share.

Mr Trevor Chinn, chairman and managing director, says that overall results for 1986 will be materially affected by the performance of the electronic component distribution industry and, in particular, by the demand for semiconductors. Steps taken by manufacturers to bring production more closely into line with demand and the significant fall of the US dollar against the yen, "are assisting in the recovery of prices."

Turnover for the year amounted to £1.04bn, compared with £1.2bn and with trading profits of £33.2m (£64.4m) were split as to: automotive distribution — UK £588.1m (£514.8m) and £31m (£30.9m); electronic component distribution — UK £51.3m (£59.7m) and £0.8m (£6m); US £270.8m (£421.3m) and £2m loss (£19.9m profit); West Germany and France £43.4m (£48.8m) and £0.7m loss (£3.7m profit); transport — UK £73m (£63.9m) and £3.7m (£0.5m); other activities — UK £2.1m (£15.8m) and £0.2m (£1.3m); US £12.6m (£77.6m) and £0.2m (£2.1m).

● comment

In the last nine months the market has changed its mind about Lex's depressed rating. While the company's prospects have improved they have not improved as much as a doubling of the share price would suggest —it seems that just as earlier despondency was overdone, so was the flurry of excitement before yesterday's results, and the shares closed 14p lower at 321p. On the face of it there is not much encouraging about a 50 per cent fall in pre-tax profits. However, such a result was fully anticipated, and the troublemaking component distribution business is certainly over the worst. Even so, the tone of the statement was rightly cautious, and although a recovery in terms of component price and market share—as a stronger yen saps Japanese competition—can be expected, it may not come through either at once or overwhelmingly. Volvo Concessionaries, which saved Lex's skin in 1985, has started this year well with the introduction of the new 700 series. Meanwhile the sale of the parcels operations will reduce gearing to under 10 per cent and release valuable management time. On profits of £32m this year the shares are on a prospective p/e of 14.

Menvier-Swain joins USM

By Richard Tomkins

Menvier-Swain, the emergency light and fire alarm maker which last week unveiled plans for a USM flotation, yesterday announced the placing of 1.8m shares at 120p through Schroders, the merchant bank.

The price gives a market capitalisation of £13.3m.

Pre-tax profits after directors' emoluments rose from £158,000 in the year to April 1981 to £853,000 last year. At least £1.57m is forecast for the year to April 1986, putting the shares on a prospective p/e ratio of 13.5 after 43 per cent tax.

Profits mainly come from making emergency lighting systems and fire alarms for offices, factories and public buildings. The company claims 25 per cent of the market for emergency lights and a small but growing share of the fire alarms market.

Other activities involve electrical and mechanical subcontracting, and making miniaturised electronic circuits for customers' requirements.

Of the shares being placed, 58 per cent are new shares, and the rest are being sold by existing shareholders. The flotation will raise just over £1m net which the prospectus says will be used to cut borrowings, provide working capital and finance capital spending.

Reliance cuts Corah profit

AFTER £729,000 exceptional charges, the pre-tax profit of Corah has fallen from £3.11m to £687,000 for 1985. The results include Reliance Group, whose trading difficulties proved more severe than originally anticipated.

The dividend however, is unchanged at 4p net per share, the final being 2.4p Mr Nicholas Corah executive chairman says this demonstrates confidence in achieving a return to a more satisfactory level of profitability in the current year.

The group produces knitted clothing and fabrics, and has important trading links with Marks and Spencer and other high street retailers.

Mr Corah says there has been a slow start to the sale of Spring merchandise in the high street but the overall prospects for 1986 remain promising, and current indications are that every division of Reliance will contribute to profit.

Performance in manufacturing and margins improved in November and December and this has continued.

The exceptional charges for this year relate to Reliance — £375,000 is bank interest on a temporary injection of funds to support build-up of production, and £354,000 for the loss on the disposal of excessive substandard underwear and sock stock.

In the year group sales rose from £69.38m to £96.97m and the operating profit fell to £3.5m (£4.35m). Mr Corah says margins remained difficult. More than half of the raw material is in dollar based cotton yarn and the strong dollar increased the cost by some £1.25m. Interest charges shot up from £1.17m to £2.14m and left the pre-tax and exceptional item profit at £1.42m (£3.11m).

Mr Nicholas Corah, chairman

The chairman says in the Corah operation underwear, the largest production group, was hit by the increased cost of raw materials and high street competition, and experienced a substantial reduction in profit. The knitwear side showed encouraging growth.

Turning his attention to Reliance, Mr Corah tells shareholders that although it recorded total losses of £3.3m in the eight months to December 31 1984 it was bought with longer term benefits in mind. Difficulties have proved more severe than expected but he remains confident that benefits will materialise and this is being borne out by the trading results of recent months.

● comment

Corah's results are lamentable. The Reliance acquisition, which last year seemed such a good idea as it provided much needed sewing capacity, now looks if not quite a disaster, at least an expensive purchase. The company was in much worse condition than Corah had thought, and has proved a greedy consumer of Corah's scarce cash. While Reliance should make money this year, the fact that the two small acquisitions made by Corah in 1984 are now making losses, is a poor advertisement of its managerial skills. All this would have mattered less if Corah's core businesses had seen a good year, but margins there were squeezed from both sides. However, for this year prospects are brighter, as sterling cotton prices are lower, and there is some evidence of increases in selling prices The decision to maintain the dividend was of greater moment to the market than the text of the results, and the shares at yesterday's close of 59½p are firmly supported by a yield of 5.6 per cent. Dividend apart, the shares have little going for them, and gearing of nearly 65 per cent is a cause for concern. If Corah could produce a decent set of results, a rights issue might not be far behind.

IN BRIEF

FAMILY INVESTMENT Trust raised net asset value per 25p share from 265.7p to 309.9p in the year to January 31 1986. Net earnings for the period improved from £303,940 to £377,721, after an increased tax charge of £164,921 (£131,549), and the dividend for the year is being stepped up by 1.35p to 8.25p net via a final of 5.375p. Earnings per share totalled 8.5p (6.91p). Total gross revenue amounted to £647,811 (£526,038). Mr B. C. Siddons, a director of Kleinwort Benson Investment Management, has been appointed a director of the company.

CITY & COMMERCIAL Investment Trust says its net asset value per £1 capital share increased from 838.6p to 924.7p in the year to January 31 1986. The final dividend is increased from 1.72p to 2.279p net for an increased total of 4.502p (3.615p), and stated earnings per share were 4.502p against 3.615p. Pre-tax revenue was up from £1.24m to £1.55m. Dividends and interest amounted to £1.38m (£1.14m); deposit interest was up from £194,000 to £288,000, and underwriting and other commissions totalled £22,000 (£25,000). Expenses and interest charges were higher at £134,000 (£121,000) and tax was £486,000 against £382,000.

DELANEY GROUP, the furniture maker and distributor, reported pre-tax profits of £660,000 for 1985 against £656,000 for the 14 months to the end of 1984. Turnover was £8.04m (£6.89m), and earnings per share dropped from 4.16p to 3.93p. The final dividend is 1.6p (1.4p), bringing the total to 2.4p (2.2p).

GREENWICH RESOURCES' annual meeting learned yesterday that the company had made its most significant gold find to date in the Gebeit area of Sudan. Mr M. R. Bichan, chairman of the precious metals exploration and mining concern, also announced plans to sign a contract this month to buy a new gold processing plant in a joint venture with the Egyptian Government.

CITY AND FOREIGN Investment announced net revenue before tax up from £18,555 to £49,295 for the year 1985. The final dividend is 1p, the first for two years. Earnings per share were 0.78p (0.38p) and net asset value per share was 141½p at the year end (159.5p).

INSTEM, USM-quoted electronics group, increased pre-tax profits by 35 per cent from £646,000 to £872,000 in the year to December 27 1985 on turnover ahead at £6.06m (£4.36m). Earnings per 10p share rose from 6.85p to 11.23p and the total dividend is 2.25p with a 1.5p final. A single 0.5p was paid in 1984. Tax took £367,000 (£274,000).

UK COMPANY NEWS

Argyll fails to block new Guinness bid

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE Argyll Group's legal move to block a revised bid by Guinness for the Distillers drinks group failed in the High Court yesterday.

The court rejected Argyll's allegation that a reference to the Monopolies and Mergers Commission of Guinness's original bid had been wrongly laid aside by the Commission's chairman, Sir Godfray Le Quesne, QC.

Mr Justice Macpherson said that Sir Godfray had acted within his legal powers and had been entitled to accept the word of Guinness and Distillers that the original merger proposal of January 13 had been abandoned.

Guinness's revised bid, made the day after the reference of the first had been laid aside, was "so obviously different in important matters that it has left the old bid behind rather like a discarded skin," the judge said.

Argyll, which has made an opposed bid for Distillers, is to appeal against the ruling.

It had asked that both the decision on February 19 to lay aside, and the Secretary of State for Trade and Industry's consent to the laying aside, should be quashed. Tha company also sought a declaration that the reference, which had the effect of lapsing the Guinness bid, was valid and subsisting.

Argyll's argument, contested by the Commission, Guinness and Distillers, was that, in acting on his own, instead of leaving the decision to the whole Commission or a group of its members, Sir Godfray exceeded his powers under the 1973 Fair Trading Act.

Protagonists in the High Court: Sir Godfray Le Quesne, QC (left), chairman of the Monopolies Commission, and Mr James Gulliver, chairman of Argyll

Also, Argyll contended, he ought not to bave concluded on the facts that the original Guinness bid had been abandoned.

The jndge said that ti was plain that for all three companies there were very large sums of money and very big issues at stake.

From Argyll's point of view, resurrection of tha reference would leave it at the head of the field of the suitors of the Distillers' shareholders.

From Guinness's point of view that consequence would be very expensive and its merger with Distillers would have, at least temporarily, to be put into cold storage.

For Distillers there would ba uncertainty and for its shareholders the likelihood of a lower bid than might otherwise be the case.

The judge concluded, however, that Argyll's claim failed on botb grounds.

Argyll had argued that Sir Godfray erred because he focused on the earlier Guinness offer had considered it abandoned wben all that happened had been the emergence of a varied offer in a continuing process intended to lead to a merger between Guinness and Distillers.

The judge said that the Commission had to consider the specific proposal made in the nffer, and not the general intention or general arrangements of the parties or tbe bidder.

That specific proposal had been the particular bid made by Guinness on January 20, which had been referred to the Commission by the Secrclary of State, and it had hecn that that Sir Godfray had considered.

The judge rejected Argyll's argument that such a view ot the Commission's task would drive a coach and horses through the Act, enabling a bidder to escape a reference by making a marginally increased offer.

There was real protection against that, the judge said. An abandonment was subject to the minister's consent; he could refer the new bid; a revised or marginally increased bid Involved much expense and was most unlikely to be undertaken lightly.

The purpose of section 75(5) nf the 1973 Act, under which Sir Godfray had acted, as to allow the Commission to cleat its decks without having "to exercise its functions on a corpse."

In a clear case of abandonment, how could it be anything otber than ritual to require eitber the Commission, or a group, to propose laying aside tbe reference, the judge asked. Purely as a matter of commonsense, he added, there could be only one answer.

Not only had Sir Godfrey's action been a commonsense one, it had also been legitimate. His power was to be irresistibly implied from the wording of the Act; over the years the Commission had allowed him to perform that part of its functions; and Porliament could not have intended that an almost immediate abandonment should necessitate the appointment of a group, or a session of the whole Commissinn, t otake tbe preliminary view that a proposal had been abandoned.

The judge said that he would have been most unhappy to have had to decide that "this eminently sensible, practical and speedy process" had been beyond Sir Godfray's power. "But I am not forced to a concluston wbich does not accord with commonsense."

He ordered Argyll to pay the legal costs of the Commission, lhe Secretary of State, Guinness and Distillers.

Abbott Mead ahead of forecast with £2.25m

Abbott Mead Vickers, one of the UK's fastest growing advertising agencies, has beaten its 1985 profits forecast of £2.1m made in the November prospectus. Pre-tax figures for the year ended December 31 jumped from £887,000 to £2.25m.

The increase over forecast was largely due to higher client spending during December. Gross billings climbed from £34.38m to £50m, against a prediction of £47.5m when the company came to the market.

Directors say the year ended on a high note with two new business gains, Sealink and the corporate advertising account of Ladbroke. The current year has also started well with new business from Tefal, an existing client, and a successful pitch for the Pork Farms account, a division of Northern Foods.

The public flotation has created consIderal additional interest and business activity is very encouraging, the company states.

Abbott has budgeted for significant additional staffing during 1986 to ensure that its growtb is not only rapld bnt stable.

As predlcted In the prospectus, lhere is a final dividend of 1.5p net. Stated earnings per share rose sharply from 3.64p to 10.54p, after tax of £984,000 (£450,000).

● comment

Abbott Mead Vickers sailed onto the stock market in November on the strengtb of profil projections of £2.1m and David Abbott's wordsmithery. The shares have already gained 48p on their placing priceand when the agency just pipped its own profit forecast the market left unchanged at 228p. Abbott Mead Vickers has already collecled four new accounts since the flotation and is actively searching for more, including thc one foi Thames Television's flotation. Given that the accounts are concentrated tn just one fifth of tbe main advertising categories there is lots of scope for organic growth without running tbe risk of client conflict. The prospectus paid lip service to the acquisitiveness that the City seems to expect from every advertising agency. But there are so many agencies chasing so few public relations and sales promotion consultancies that the directors have sensibly. decided to wait until the right opportunity comes along. International expansion, possibly In conjunction with Scall McCable Stoves, the American agency which owns nearly 25 per cent of its equity, looks more likely. But 1986 should be a year of consolidatian as it expands lts staff and augments facilities. The City expects profits of £2.9m for the next financial year, producing a p/e of 16.

CPU Computers perks up and sees growth ahead

THE SIX months to December 31 1985 saw turnover of CPU Computers remain static at £7.76m, but profits at the pre-tax level surge from a depressed £10,000 to £251,000.

Furthermore, the directors are confident that the better conditions becoming apparent in the UK, together with the restructuring of the UK operations and the continuing growth of Synelic, will enable the group to resume and maintain a steady growth.

To bring all the divisions into the same accounting period the year-end is being changed to end-December. Statements will be presented for the 12 months to June 1986 and for the six months to December 1986. Thereafter, statements will he audited to December 31 each year. The dividend situation will be reviewed at the end of the financial year.

The group's UK operations have undergone a major restructuring. New management has been appointed, new products introduced, tighter controls have been instigated at all levels and UK borrowings have been drastically reduced.

LSI has continued to strengthen lts exclusive franchise network and the division achieved a modest growth during the period. LSI software made a contribution to group profits.

APPOINTMENTS

Group treasurer for Shell

Mr M. Harvey, head of finance, investment and information division in the European regional organisation, Shell Internationale Petroleum Maatschappij, has been appointed group treasurer in succession to Mr D. R. Welham from July 1 when Mr Welham becomes group managing director of the ROYAL DUTCH/SHELL GROUP.

★

Mr Geoffrey Heywood is to retire as senior partner of DUNCAN C. FRASER & CO on April 30. He will remain a partnar, and will be succeeded as senior partner on May 1 by Mr Peter E. Felton, at present joint senior partner.

★

Mr N. P. H. Webster has been appointed a director of WILLIAM BAIRD. He was a director, and company secretary of Debenhams. He will succeed Mr A. F. Wylie as finance director and company secretary on July 31. Mr Wylie will remain on the board in a non-executive capacity.

★

...AMEC, a construction and engineering gronp, has appointed Mr John Early as finance director from March 31. He was a senior exectntive partner with Armitago and Norton, joint auditors of AMEC, and was chairman of Armitage Norton Consultants.

★

Mr Peter Izod Marshall, deputy chief executive and financial director of The Plessey Company, has joined the board of OCEAN TRANSPORT & TRADING as a non-executive director.

★

New chief for the Woolwich

Mr Alan Cumming bas been appointed executive vice chairman of tho WOOLWICH BUILDING SOCIETY. He was its chief general manager. The new chief executive is Mr Donald Kirkham, formorly deputy chief genoral manager. Mr Edwln Phillips, currently vice chairman, becomes sonior vice chairman.

★

Mr Ian Bacon and Mr Jeremy Barchell bave been appointed managing directors of PROTECH INTERNATIONAL (UK) in placo of Mr Stuart Garner wbo has left to pursue other business interests. Mr Bacon, wbo has been a member of Protecb's senior management team sinco 1973, will be responsiblo for all operational and markoting functions. whilo Mr Burcholl, who has been with tho company since 1975, will havo responsibility for financial and legal affairs.

★

BRITISH RAILWAYS bas appointed Mr Brian Burdsall, Railfreight's national business manager for potroleum traffic, as director parcels, from March 24. Ho succeeds Mr Mike Connolly, wbo retires next month.

★

Mr F. R. Ball has been appointed managing director of SAACKE UK company of West Gorman combustion and onergy group. Mr Ball was with Stothert & Pitt and formerly managing director of NEI Cochran. Mr J. D. Wolls reliquishes tho post of managing director and becomes deputy chairman.

★

Mr Stuart Fowler and Mr Roy Gillson havo been appointed to the board of HILL SAMUEL INVESTMENT MANAGEMENT.

At the meeting of the council of the ROYAL WARRANT HOLDERS ASSOCIATION beld on March 5 the president, Count Alain de Vogüe, retired on completion of bis year of offico. Tbo council elected the following officers to serve for the ensuing year: President: Mr Timothy Sandeman, Vice president: Mr Graeme J. Wilson, and hon treasurer: Mr Edward Rayne.

★

CHAMBERLAIN PHIPPS has made tho following changes from April 1: Mr Brian Chamborlain, chief executive since 1975, will retire from his executive duties bnt will remain deputy chairman, Mr David Chamberlain, who joined the board in 1982, will succeed Mr Brian Chamberlain as oxecutive deputy cbairman. Mr Tony Palfreyman and Mr David Halewood, directors of Chamberlain Phipps, and managing directors of the sboe components division and general industries division respectively, will be group managing directors.

★

Mr Anthony Green has been appointed treasury manager of ATLANTIC INTERNATIONAL BANK. He succeeds Mr Gareth Owen, who has become assistant general manager—corporate FX advisor.

★

The WATCO GROUP, Guildford, has appointed Mr Christopher L. Harmsworth as group financial controller.

★

Mr Michael Goodwill has been appointed managing director of HEPPELL CHANCEL, shopfitting and manufacturing arm of the EBC Group, Exeter. He was general manager, project management services division, Sbepberd Construction.

★

Mr Mike Egan bas been appointed a director of BRANTFORD INTERNATIONAL, freigbt forwarding subsidiary of tho Furness Withy Group.

★

Mr Keith Rushton has been appointed joint chief executive of WAYNE KERR. Ha was managing director of Transtel and on tho board of the Extel Corporation.

★

Mr Thomas G. Dramby has been appointed senior vice president, credit administration, for Security Pacific EuroFinance Inc, London, a subsidiary of Los Angeles-based Security Pacific Corporation.

★

VISNEWS bas appointed Mr Gerry Sadler as group marketing managor. He was managing director of Rank Video Services.

★

Mr W. J. Cheetham has been appointed technical director, Stafford division of GEC MEASUREMENTS. He was chief engineer of the division.

★

SYSTEMS DESIGNERS has separated its European and US operations into autonomous groups. Mr Tony Lennard, one of the company's founder directors, has been appointed managing director of Systems Designers Europe, bolding company for UK and Continental operations. Mr Charles Gesme, president of Warrington Associates Inc, tho financial services company based in Minneapolis, Minnesota, acquired by Systems Designers a year ago, has been appointed a main board director responsibio for all tho group's operations in tho US.

★

PENSORD PRESS, magazine printing subsidiary of Aspen Communications, bas appointed Mr Brian Allen as deputy managing director.

★

Mr J. K. Bryers joins the board of INTERNATIONAL THOMSON ORGANISATION on March 10 as personnel director.

★

Mr C. R. Whyte has been appointed managing director of A. L. DUNN & COMPANY, Nuneaton. He was tho temporary managing director and previously was managing director of Robert Hudson (Raletrux).

★

FORD & WESTON GROUP has appointed Mr T. Peter Whitohead as a divisional chief executivo, with responsibility for several subsidiary companies.

★

GEORGE BALLINTINE AND SON has appointed Mr Hector MacLennan regional sales director. Ho was Scottish sales manager.

★

Mr R. G. B. Howard will be retiring on April 30, and will be succeeded by Mr John L. Hill, as chiof executivo of the LOSS PREVENTION COUNCIL.

★

Joining Vickers board

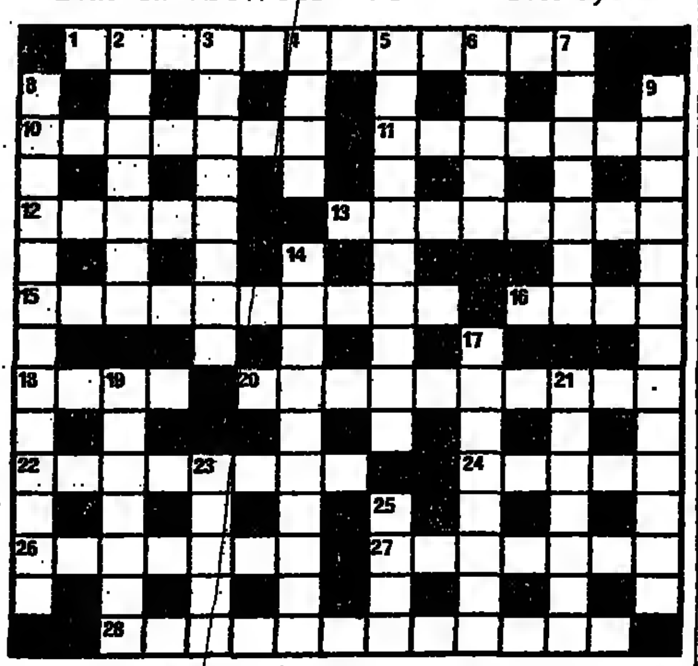
VICKERS has appointed Mr Martin Taylor, a director of Hanson Trust since 1976, as a non-executive director from March 27. This is his first extornal directorship.

★

Arrangements have been made for the transfer of the investment management business hitherto carried on by Baring Brothers and Co to BARING INVESTMENT MANAGEMENT (BIM). BIM will be wholly-owned by tbo new group parent company, Barings, through an intermediate bolding company, Baring Investmont Management Holdings (BIMH). The following bave been appointed to tbo boards of BIMH and BIM: At Baring Investment Management Holdings, Mr N. H. Baring (chairman), Mr T. G. Abell, Mr W. Backhouse, Mr J. D. Bolsover, Mr J. A. Carwardine, Mr G. S. Cass, Mr M. T. Chamberlayne, Mr S. D. Cntler (US), Mr G. S. Giles, Mr J. A. Morrell, Mr R. M. Shaw, Mr P. Vermilye (US), and Mr P. K. Woolley. At Baring Investment Management Limited, Mr Baring (chairman), Mr Abell (deputy chairman), Mr Shaw (managing director), Mr Backhouse, Mr Carwardine, Mr Cass, Mr Chamberlayne, Mr Giles, Mr J. E. Heskett, and Mr Woolley.

The following have been appointed assistant directors of Baring Investment Management Limited: Mr R. F. Brumby, Mr P. C. Drake, Mr G. R. C. Hubbard, Mr K. E. Jenkins, Mr D. L. Scleater, Mr J. C. Minter, Mr M. D. Reeder, Mr R. K. Rice, Mr Y. Uda and Mr D. H. Watson. The directors and assistant directors of Baring Brothers and Co concerned with investment management are resigning their positions with that company following their appointments to BIMH and BIM. Tha transfer of business will take effect from March 7.

F.T. CROSSWORD PUZZLE No. 5,966



ACROSS

1 Standard delivery from college side (5, 7)
10 Dear pet, tumbling, is fired by spill (7)
11 Sparking apparatus, one that electrifies? (7)
12 Sap from Zaire's interior (5)
13 Doctor swallows head of turbot and other food-fish (8)
15 Jabber in the clinic? (10)
16 Wednesday, his day for party reversal at home (4)
18 Common food of the caterpillar larva (4)
20 Junction-box output? (10)
22 Coy when going to bed (8)
24 Story put over with energy can stimulate (5)
26 This caused Richard the First to go off! (7)
27 One in five, we hear, is not a day-pupil (7)
28 Earthquake, splitting asunder, is most pitiful (5-7)

DOWN

2 Thick way to paint over motorway, beyond roundabout (7)
3 Showy bloomer in RU game scrummage (8)
4 Counter-current boy? (4)
5 Hugo use set with licence, having pension? (5-5)
6 Lay oneself open to semi-raids? (5)
7 Sultry chief desperado (7)
8 Off-quotation? (8-5)
9 Nurses harping about means of making cutbacks on beds (7-6)
14 Scale of C is replacing it (10)
17 Having no rulers, given carte blanche (8)
19 Lying in hut, turn over (7)
21 A sore head in university can be hell! (7)
23 Lariat made from tiara (5)
25 A pitcher, we hear, on the platform (4)

Solution to Puzzle No 5,965

Company Notices

NOTICE

THE HOLDERS OF 5% DEBENTURES 1978-1987 OF THE DEAD SEA WORKS LIMITED

Notice is hereby given that in the drawing held on the 27th day of February 1986 under the supervision of the trustees, debentures of group 5 were drawn for redemption on the 31st day of March 1986.

Repayment to the holders of bearer certificates of this group will be made by the Dead Sea Works Ltd against presentation of the debenture certificate(s) and interest coupon No. 20, to Bank Leumi Le Israel B.M. P.O. Box 2, Tel-Aviv 61000 Israel. Repayment to the holders of registered certificates of this group will be made by the Dead Sea Works Ltd., upon receipt by them of the certificate(s) at P.O. Box 29452 Tel-Aviv 61293 Israel.

Bank Leumi Le Israel Trust Company Ltd as Trustees

bank leumi בנק לאומי

HARMONY GOLD MINING COMPANY LIMITED
(Incorporated in the Republic of South Africa)
Registration No. 05/38232/06
A Member of the Barlow Rand Group

RAND MINES

DIVIDEND DECLARATION

NOTICE IS HEREBY GIVEN that dividend No. 59 of 130 cents per share has been declared in South African currency, as a final dividend in respect of the year ending 30 June, 1986, payable to members whose names appear in the company's register of members at the close of business on 21 March, 1986. The register of members will be closed from 22 March to 1 April, 1986 *inclusive. Dividend warrants will be* posted on or about 1 May, 1986.

The rate of exchange at which the dividend will be converted into United Kingdom currency for payment by the United Kingdom registrars, transfer and paying agents will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 22 March, 1986 on which foreign currency dealings are transacted.

Where applicable, South African non-resident shareholders' tax of 15% will be deducted from the dividend.

The full conditions of payment of this dividend may be inspected at or obtained from the Johannesburg or United Kingdom offices of the company.

By order of the Board,
RAND MINES
(MINING & SERVICES) LIMITED
Secretaries
per: A. R. HOLT

Registered Office:
15th Floor—The Corner House
63 Fox Street
Johannesburg 2001
(P.O. Box 62370, Marshalltown 2107)
Secretaries in the United Kingdom:
Charter Consolidated Services Limited
40 Holborn Viaduct
London EC1P 1AJ
United Kingdom Registrars,
Transfer and Paying Agents:
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL
6 March, 1986

NOTICE TO BONDHOLDERS

THE MITSUBISHI BANK, LTD

U.S.$100,000,000
2⅞ PER CENT
CONVERTIBLE BONDS DUE 2000

Pursuant to Clause 9, subclause (B) of the Trust Deed dated 25th July, 1985, notice is hereby given as follows:

At the meeting of the Board of Directors of the Bank held on 24th February, 1986, the resolution was adopted on the issue of new shares by free distribution, the particulars of which are set out below. Consequently, the conversion price of the Convertible Bonds shall be adjusted, the particulars of which are given in (3) below.

(1) The free distribution of shares will be made to shareholders of record as of 31st March, 1986 (the "Record Date") at a ratio of 0.03 new shares for each share held. Provided, however, any fractional new shares resulting from the allotment will be sold by the Bank and the net proceeds will be distributed to shareholders in accordance with their fractional shares.

(2) The free distribution will become effective on 20th May, 1986.

(3) Adjustment of the Conversion Price.

Pursuant to Condition 5 of the Terms and Conditions of the Bonds, the Conversion Price will be adjusted from the current Y1,709.00 to Y1,715.70 effective as from 1st April 1986, Tokyo time. The new Conversion Price reflects the adjustment resulting from the New Shares issue made on 1st November, 1985, which changed the Conversion Price from Y1,766.00 to Y1,767.20.

THE MITSUBISHI BANK, LIMITED.
By: The Mitsubishi Bank, Limited,
London Branch
as Principal Paying Agent

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd
66 Cannon St, London EC4N 6AE Dlg. 01-236 3885

International Growth	126.8	135.7	+1.4	0.98
Income & Growth	56.6	60.2	+1.0	5.00
Special Situations	73.0	70.1	+0.5	4.40
American Growth	32.6	34.9		0.70
Japan Growth	44.8	48.0	+0.8	0.00
European Growth	54.7	58.5	+0.4	2.30
UK Growth	50.5	54.0	+0.6	0.80
Pacific Growth	37.6	40.3	+0.6	0.10
High Income	30.0	32.1	-0.1	8.40
Practical Income Units	48.4	51.5	+0.2	2.30
Practical Accum Units	87.0	92.4	+0.4	2.30

Pearl Trust Managers Ltd (a)(g)
252 High Holborn, WC1V 7EB 01-405 8441

Pearl Growth Fd.	83.2	88.5	+0.6	2.50
Accum Units	123.0	130.8	+0.9	2.50
Pearl Inc.	110.8	117.9	+0.5	4.27
Pearl Unit Tst	117.8	125.3	+0.5	3.32
(Accum. Units)	201.5	214.4	+0.9	3.32
Pearl Intl Equity	114.1	121.4	+1.2	1.72
(Accum Units)	114.1	121.4	+1.3	1.72

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	245.3	263.2	-1.1	1.26
Income	176.8	189.4	+0.6	5.15
Worldwide Recovery	139.0	149.2	+0.3	1.95
American Growth	66.8	71.7	+0.3	0.99
Intl Emerging Cos.	74.2	79.7	+1.1	0.65
Far East Growth Fd	59.7	64.1	+0.6	1.07
European Growth Fd.	52.3	36.2	+0.1	2.0

Prolific Unit Trusts
222 Bishopsgate, London EC2 01-247 7544/7

Prolific American Inc.	94.5	98.0	+0.4	3.09
Prolific Far East	129.5	139.3	+1.6	0.18
Prolific Extra Inc.	77.2	81.9	+0.2	5.23
Prolific Gt & Gilt	90.0	95.4	-0.7	6.24

INSURANCE, OVERSEAS & MONEY FUNDS

BNP Inv Mgmnt (Jersey) Ltd
PO Box 158, St Helier, Jersey 0534 76011

BNP Intercurrency Fund Ltd				
US Dollar	$10.25			—
Sterling	$10.23			—
DMarks	DM30.47			—
BNP Intercommodity Fund Ltd				
North American	$10.73	11.17		—
Far East	$12.38	12.79		—

Julius Baer Bank & Trust Co Ltd
Butterfield House, Grand Cayman

Liquibaer J. Baer SFd	$1,392	1,393	+1	—
$-Baer, J Baer$Fd	$1,143	1,148	+2	—
DM-Baer, J.BaerDMFd	DM1,088	1,093		—

*Plus charge

Bamford Brandt Guernsey Mngt. Ltd
PO Box 71, St Peter Port, Guernsey 0481 26541

Tech and Comm.	£8.02	8.51		—
Pac Basin Fund	$46.50	49.34		—

The Bangkok Fund
Bangkok First Inv & Trust Ltd (Inv Advisors)
300 Silom Road, Bangkok, Thailand
NAV Mar 5. BAHT 268,099.61 (US$10,202.99)

Bank of America International SA
35 Boulevard Royal, Luxembourg GD

Wordinvest Inc	174.11	174.97		7.16

Valued weekly on Wednesdays

Barclays Unicorn International
1 Charing Cross, St Helier, Jersey 0534 73101

Unigilt Trust	44.3	46.2		11.60
Uni-American Gwth Tst	$20.11	21.42	+0.37	1.30
Unibond Trust	$101.40	102.23	+1.44	9.40
£Stg Multicrncy. Fd.	£11.64			11.17
US$ Multicrncy. Fd.	$22.13		+0.01	5.38
DM Multicrncy. Fd.	DM42.23		+0.01	3.35
Yen Multicrncy. Fd.	7321		+1	5.15

The English Trust Group
16 Athol St, Douglas, Isle of Man 0624 20138

E.T. Far East	$11.81	13.54	+0.12	—

Next dealing March 14

Equity & Law International Fund Mgs Ltd
Victory Hse, Prospect Hill, Douglas, IOM 0624 77877

European Equity	115.0	122.3	+0.2	—
Far Eastern Equity	$1.102	1.172	-0.020	—
North American Equity	$1.054	1.121	-0.014	—
UK Equity	103.8	110.4	+1.2	—
UK Gilt & Fixed Int	97.3	103.5	-0.1	—
Deutschemark Deposit	DM4.921	5.073		—
Dollar Deposit	$0.992	1.022	+0.001	—
Sterling Deposit	100.3	103.3	+0.1	—
Yen Deposit	Y495.3	510.6	+0.1	—
Managed Currency	106.8	113.6	-0.7	—

Equity & Law International Life Assur Co Ltd
Victory Hse, Prospect Hill, Douglas, IoM 0624 77877

European Equity	60.9	64.8		—
Far Eastern Equity	$0.579	0.622		—
North American Equity	$0.567	0.598		—
UK Equity	53.8	51.0		—
UK Gilt & Fixed Int.	41.9	51.4		—
Dollar Deposit	$0.479	0.514		—
Sterling Deposit	48.6	50.2		—
Managed Currency	53.2	57.2		—
International Managed	94.5	99.5		—

Ermitage Management Ltd
19 Royal Square, St Helier, Jersey, CI 0534 76007

External Fund	£25.07	25.39	+0.39	—
Bond & Cash Fd	£10.54	10.63	+0.18	9.07
Cash Fund		£22.67	+0.18	0.01

Ermitage Management Cayman Ltd
PO Box 2192, Grand Cayman, BWI

GAM Ermitage Inv Inc		$16.29		10.53
GAM Ermitage Ltd		$20.08		—
Cayman Cash Fd		$11.95		—
Hunco	$15.25	15.40		—

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium assurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♦ Guernsey gross. ♯ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Metal Closures	14
BOC Grp	27	Midland Bk.	35
BSR	8	NEI	10
BTR	33	Nat West Bk.	55
Babcock	13	P & O Dfd.	35
Barclays	33	Plessey	14
Beecham	30	Polly Peck.	21
Blue Circle	50	Racal Elect.	15
Boots	24	RHM	12
Bowaters	30	Rank Org Ord	35
Brit Aerospace	32	Reed Intl	66
Brit. Telecom	17	Sears	11
Brown (J.)	$3\frac{1}{2}$	TI	35
Burton Ord	45	Tesco	24
Cadburys	13	Thorn EMI	34
Charter Cons.	18	Trust Houses.	12
Comm Union	23	Turner Newall	$9\frac{1}{2}$
Courtaulds	13	Unilever	90
Distillers	36	Vickers	35
FNFC	12	**Property**	
Gen Accident	55	Brit Land	14
Gen Electric	14	Land Secs.	26
Glaxo	100	MEPC	26
Grand Met	30	Peachey	24
GUS 'A'	70	Samuel Props	15
Guardian	60	**Oils**	
GKN	20	Brit. Oil & Min.	$3\frac{1}{2}$
Hanson Tst	18	Brit Petroleum	45
Hawker Sidd	36	Burmah Oil	27
ICI	42	Charterhall	4
'Imps'	16	Premier	5
Jaguar	27	Shell	55
Ladbroke	27	Tricentrol	18
Legal & Gen	60	Ultramar	18
Lex Service	24	**Mines**	
Lloyds Bank	35	Cons Gold	40
Lucas Inds	38	Lonrho	12
		Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

US halves farm export bonus fund

By Nancy Dunne in Washington

THE CONTROVERSIAL American agricultural export subsidy programme, designed to undercut EEC farm prices in the Middle East and North African markets, became a casualty of deficit reduction in Senate legislation approved on Wednesday night.

Funding for the three-year $2bn programme, which gave exporters crop bonuses from government stocks, was cut in half so that money could be made available for other programmes. In addition, the Senate cut from $325m to $110m funds which could be used for export assistance programmes, like subsidised credits.

The legislation now goes to the House of Representatives, where its future is uncertain. The House last week passed an emergency $5bn appropriation to replenish the Commodity Credit Corporation, which makes loans and finances surplus food purchases.

The CCC is out of money, and a new surge in demand was expected yesterday when farmers were scheduled to sign for acreage reduction and income support schemes. Under the law they are eligible for immediate subsidy payments when they sign up.

The Senate, while agreeing to the $5bn appropriation, added other provisions to the Bill on which the house may not agree. It exempted price supports for dairy farmers from cuts under the Gramm-Rudman deficit reduction legislation, and it provided crop subsidies for farmers, whose cash payments are reduced because of a new formula for calculating crop yields.

The Senate also changed the A provision in the 1985 Farm Act which allowed farmers who remove land from grain production to plant unsubsidised crops like vegetables and sugar beets. Growers of such crops complained that their markets would be gutted.

The American Farm Bureau Federation (AFBF) has proposed a farm debt restructuring package that would include farm lenders allowing farmers to pay interest as low as 2 per cent on a portion of their debt, reports Reuter.

AFBF president Mr Dean Kleckner said the group their plan to Federal Reserve Chairman Mr Paul Volker, Treasury Secretary Mr James Baker, and Mr Frank Naylor.

The plan would need a regulatory change so that the low-interest portion of the farmers' debt would not be classified against the capital of the lending institution.

Under the two-tier plan, the banker would ask normal servicing on a portion of the farmer's debt on which he determines the farmer can make full principal and interest payments.

On the other portion, the banker would ask no principal payment but an interest payment of 2 to 3 per cent.

Queensland to ban strikes in export industries

BY PATRICIA NEWBY IN MELBOURNE

THE STATE Government of Queensland, Australia, is to outlaw industrial action affecting export industries following a rash of strikes in the mining, coal and sugar industries over the past 12 months.

The move, unprecedented by either the Federal Government or any of the other Australian states, follows the introduction last year of draconian industrial legislation which makes strikes by workers in essential services illegal.

The State Minister for Industrial Affairs, Mr Vince Lester, told the Queensland Cane Growers Conference in Brisbane yesterday that the State Government was prepared to get tough with unions which disrupt export industries.

The cane growers, who are in dire financial straits, have complained at multi-million dollar losses last year because cut cane deteriorated as a result of strikes at sugar mills.

Earlier this week Mr Lester introduced into the Queensland Parliament new clauses to the Essential Services legislation, the Industrial (Commercial Practices) Act, including a provision for fines of up to A$250,000 for unions which impede export trade by industrial action.

The provisions would give the government, employers and employees the right to take out court injunctions against the unions if interstate or overseas trade were affected by strikes.

The new laws are also clearly aimed at coal miners who staged a one week strike in support of pay claims last month and are threatening further stoppages this month.

Mr Lester told sugar producers yesterday that he was prepared to introduce further specific legislation for the sugar industry if necessary.

The new clauses widen the powers of the controversial legislation introduced last year to forbid strikes in essential services. At the time observers did not believe the laws would be enforceable—but the Conservative Queensland National Party Government, headed by the tough veteran politician Sir Johannes Bjelke-Petersen, met the power unions head on. When the power workers went on strike the government sacked them and has refused to reinstate them in spite of enormous outcry from the union movement and a great deal of public sympathy for the unionists in other states. Many of the sacked power workers are still unemployed.

Whether Sir Johannes would be equally successful in an all out battle with, say, the coal miners, remains to be seen. The government does not directly employ most of the workers in export industries so it would be up to the employers to take the matter to court and many employers would be afraid of escalating disputes.

The Queensland Trades and Labour Council (TLC) has attacked the move saying the laws would affect most of the state's work force. The TLC general secretary, Mr Ray Dempsey, said the proposals effectively banned all industrial action, including strikes, bans, go-slows, working to rule or any variation of a normal work pattern in all areas generating external trade.

The Queensland Government is facing an election this year and cynics see the new move as an election ploy to exploit the known hostility to unions by the Queensland public.

● The report from the Sugar Board, the statutory authority which regulates the industry, made depressing reading for the delegates to the Cane Growers Conference. The Board estimates that the total revenue from sugar for the 12 months to June 30 will be down A$100m to A$700m.

The board pointed out that by 1988 all of Australia's long term contracts for sugar sales would have ended and were unlikely to be renegotiated. Thus growers would become even more vulnerable to world spot prices.

In 1983 nearly 50 per cent of total sugar sales were covered by long-term contracts and that figure has been steadily declining as contracts are not being renegotiated.

Time-stamping worries traders

BY ANDREW GOWERS IN BOCA RATON, FLORIDA

INTENSIVE NEGOTIATIONS are under way between the US futures exchanges and the Commodity Futures Trading Commission over how to implement a controversial new rule tightening market reporting requirements.

The talks, which have been continuing informally this week at the Futures Industry Association's annual conference in Boca Raton, Florida, focus on a joint proposal from the two big Chicago exchanges, the Board of Trade and the Mercantile, to set up a complex computerised record of each trading session.

The CFTC, the official US watchdog over the futures markets, wants each trade recorded within a minute of execution, and has told the exchanges to implement this rule by October 1. It argues that this would lead to a dramatic improvement in record-keeping in the markets, and allow more detailed and accurate "audit trails" to be established in the event of trading irregularities. At present, the exchanges are required to record trades only within a half-hour time frame.

The exchanges, which have until July to announce how they plan to put the rule into practice, have complained loudly about it, claiming that it threatens to stifle market liquidity. *Their fear is that the* CFTC will require individual dealers to write down the time of each trade on their trading cards, thus slowing down market activity. The CFTC, which left the exchanges free to decide how to implement the rule, denies this is its intention.

The Chicago Board of Trade and the Mercantile Exchange have now proposed setting up what they all a computerised trade reconstruction system. This, they say, would pinpoint an exact transaction time for trade handled on behalf of customers by brokers, but would not necessarily identify times to within one minute of execution for transactions between floor traders, or "locals." In order to improve records on such deals they would in addition require the floor traders to ensure that their activities are recorded in sequence within a 30-minute time frame.

CFTC officials have told the exchanges that they are prepared to consider these proposals, although they still have doubts about the likely accuracy or completeness of the records which the system would provide, particularly on floor trade.

The exchanges have also been mounting a vigorous lobbying effort in Congress, which is currently considering whether to renew the CFTC's mandate. They want an indication in principle that their proposed system conforms with the CFTC rules before going ahead with it; however, the Commission wants empirical proof that it would be effective before fully endorsing it.

The audit trail issue seems for the moment to have overshadowed another major bone of contention between the exchanges and the CFTC, concerning a proposed increase in traders' capital requirements. The deadline for consultations on this question has now been extended again until April 4, to give the exchanges more time to prepare their response.

The postponement comes amid signs of new flexibility in the Commission's approach. "The Commission remains interested in exploring reasonable alternatives to its proposals," it said last Friday.

EEC faces grain market upheaval

BY JOHN BUCKLEY

ADOPTION OF the EEC cereal regime by Spain and Portugal from March 1 promises the European grain market its biggest upheaval since Britain joined the Community, more than a decade ago. Accession will also hit the Iberian countries' present third country suppliers, especially the US which now faces the loss of its last big European maize market.

The evidence for this is already abundant. Ten years ago, the EEC bought up to 20m tonnes of US and Argentine maize. But by 1984-85 this was down to 3.8m tonnes. Imports for feed use have been wiped out and remaining industrial outlets are fading as a variety of measures are used to encourage replacement with surplus EEC wheat.

Spain's huge increase in barley production has enabled her to embark on a similar process of substitution well before accession. Maize imports fell from 5.2m tonnes in 1981-82 to 3.4m in 1984-85 and could be down to just 2.5m tonnes in 1985-86. Imports of sorghum—a maize substitute—have declined from 1.5m to 300,000 tonnes.

The trend can only accelerate from this month as punitive EEC import levies cause the landed price to rocket. (Tariffs protect Community maize at almost double the US price on which Spain has hitherto paid only 20 per cent duty) Last-minute US pleas for the postponement of the EEC levy fell on deaf ears, however, and an ensuing US claim for compensation now seems certain. Meanwhile, Spanish importers have been doubling up on maize shipments over the past few months in a last ditch to beat the levy.

Spain's own maize crop rose last year by 700,000 to 3.2m tonnes but with higher consumption a deficit persists of at least 2m tonnes. The maize area must rise further but only gradually as a 6 per cent discount on Spanish against EEC farm prices is levelled over the seven years of transition.

Since France, the Community's largest maize supplier, is unable to expand output in the short term, Spain is widely forecast to turn to EEC feedwheat (particularly during drought years). However, some UK trade experts are worried Spain's traditional maize-based poultry feed industry, based as it is around the Barcelona area will be able to suck in much larger quantities of high quality southern French maize, leaving Northern European industrial users short of the grades they need.

Spain has also shown itself adept at pre-empting other CAP mechanisms. At the Commission's behest, over 1.5m tonnes of its surplus barley stocks have been cleared into export markets where Spain has quickly learned to play the subsidy game harder than the Community's more practised "old boys." UK and French exporters watching with dismay as "safe" markets have been swallowed up by the brash new seller have wondered whether accession will present them with a customer or a competitor.

In fact, Spain's capricious climate has long influenced a dual role in world barley trade. Drought in 1983, for example, reduced output to 6.5m tonnes, forcing imports of 1.6m tonnes. But two years earlier a large crop enabled a sale of 650,000 tonnes to the Soviet Union. In the last two seasons, record 10m tonnes plus crops have produced a 2.5m tonne surplus.

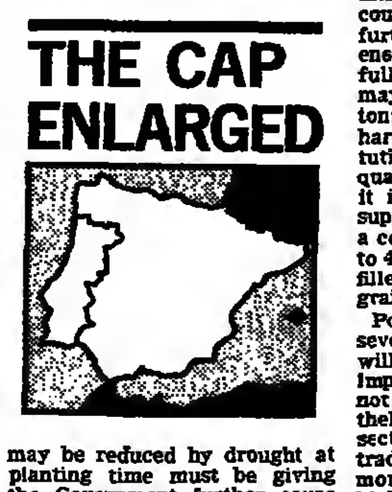
Despite a gradual historic shift from wheat into barley plantings weather is likely to dominate crops. Accession will, however, provide a gradual if modest lift to barley support prices (recently almost 10 per cent below levels). With improving husbandry under intensified many observers expect this factor to consolidate Spain's future export role.

However, the extent of that presence will also be determined by the post-accession pace with which Spain increases domestic off-take of barley (or imports of British and continental feedwheat) to supplement its reduced maize imports from the US. Consumption of barley rose to 8.9m tonnes in 1984-85 from 8.5m in 1983-84, and is forecast at 9.4m tonnes in 1985-86.

Barley exports have also had both fiscal and market management drawbacks. Subsidies of up to $65 per tonne needed to undercut EEC barley and Third country maize in past months have proved a strain on the Spanish treasury. Multi-national shippers meanwhile, complain of the grindingly slow system of paperwork required to approve the financing of "optional European origin" export falls filled by Spanish barley.

Food users in the Spanish interior have also complained of taking second place to export customers in the post harvest rush to fill vessels last year. Forecasts that the 1986 crop may be reduced by drought at planting time must be giving the Government further cause to consider short term export restraint in preference to renewed high exports.

THE CAP ENLARGED



Spain should, in theory, find it difficult to undercut her fellow EEC exporters. During price alignment, accessionary compensatory amounts (ACAs) will bridge the gap between Spanish and other EEC members' intervention prices, acting as subsidies on EEC exports to Spain and levies on exports from Spain to EEC. When Spain competes directly with other EEC countries for third country markets at lower prices, her export subsidies are reduced by the amount of the ACA, bringing them closer into line with the EEC offers. Spain's southern ports do have a Mid-East freight advantage of several dollars a tonne over her northern Community competitors, however.

Portugal too is likely to substitute more feedwheat for maize, imports of which have almost halved in the last four years. The trend will be sped by the location of her feed industries around Lisbon offering a prime target for cheap French wheat shipped out of Bordeaux.

Portuguese usage of Community wheat will also be further encouraged by a ruling that a minimum 15 per cent of her annual imports must come from the EEC. Bids from the Community to supply the remaining 85 per cent will also be subject to a corrective, making them equal to third country offers, then given a further 5 Ecu preference to ensure they compete successfully. US exporters fear this may further erode a 500,000 tonne market in US exports of hard red winter wheat. Substitution may be slowed by US quality advantages. However, it is possible that other EEC suppliers will ultimately collect a combined Iberian need for up to 4m tonnes of wheat currently filled by third country coarse grains.

Portugal's ten-year and Spain's seven-year transition periods will ensure some of the trade implications of accession will not be felt immediately. Nevertheless there is evidence that sectors of the Spanish farm trade are unprepared for the more immediate shocks of higher feed prices.

This situation was recognised by the Spanish authorities late last year with the imposition of a temporary ban on the issue of coarse grain import licences. As an unofficial "dress rehearsal for accession," this move sent a ripple of alarm through the US export trade which, having braced itself for the loss of its Iberian markets in five to ten years suddenly realised that timescale was unduly optimistic.

The import stunt also created alarm in the Spanish feed trade as internal prices threatened to soar. Clearly, Spanish consumers have yet to appreciate the lesson of the EEC's "corn/horn" inequities. But then Britain can hardly claim to have come to terms with their perverse logic—even a decade after accession.

Previous articles in this series appeared on February 25 and March 5.

LONDON MARKETS

SUGAR VALUES on the London futures market eased back further from recent highs yesterday under the influence of a lower New York market and a bearish report published by F. O. Licht, the West German sugar statistics agency. Licht said expectations that low world sugar prices would result in a cut in European beet plantings this year are likely to be disappointed. In its "first crude approximation" of 1986-87 prospects it put total European plantings at 7.42m hectares, up from 7.29m in 1985-86. The EEC figure is projected at 1.87m hectares, down from 18.96m, but in the rest of Western European rest of Western Europe 2.56m hectares are forecast to be planted, up from 25.09m. The main rise, however, is seen in Eastern Europe, which is "largely unresponsive to changes in world prices. The total for that area is put at 4.86m hectares, up from 4.78m in 1985-86.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	787-8	—6.5	791/791
3 months	816-7	—8.25	823/812

Official closing (am): Cash 780.5-1 (780-0.5), three months 817-.5 (805.5-6), settlement 781 (780.5). Final Kerb close: 811-2.

Turnover: 18,000 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or —	High/low
Cash	988.5-9	+11.25	—977.6
3 months	1007-8	+16.25	1016/998

Official closing (am): Cash 981-.5 (977-7.5), three months 1000.5-1 (977-0), settlement 981.5 (977.5). Final Kerb close: 1003-4.

Cathodes			
Cash	982.5	+6.0	987/987
3 months	1005-8	+15.5	1008/1000

Official closing (am): Cash 977-8 (972-5), three months 1000-2 (997-8), settlement 978 (975). Turnover: 28,200 tonnes. US Producer prices 66.50-71.00 cents per pound.

LEAD

	Unofficial + or close (p.m.) £ per tonne	+ or —	High/low
Cash	251.5-2	—1.25	252.5-250
3 months	260.25-75	—1.25	263/261

Official closing (am): Cash 252-.5 (251-1.5), three months 260.5-1 (260-0.5), settlement 252.5 (251.5). Final Kerb close: 260-1.

Turnover: 7,050 tonnes. US Spot: 18.00-20.00 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	2845-50	—4.0	2862/2840
3 months	2915-20	+17.5	2940/2880

Official closing (am): Cash 2860-70 (2834-6), three months 2940-5 (2885-7), settlement 2870 (2836). Final Kerb close: 2925-30.

Turnover: 1,770 tonnes.

TIN

Kuala Lumpur Tin Market—Close 20.54 ringgit per kg, down 45 cents per ringgit.

ZINC

High grade	Unofficial close (p.m.) £ per month	+ or —	High/low
Cash	435-8	—4.0	—
3 months	447.5-8	—4.0	455/447

Official closing (am): Cash 435-6 (433-3.5), three months 447.5-8 (446-7), settlement 436 (433.5). Final Kerb close: 444-5.

Turnover: 5,550 tonnes. US Prime Western: 30.50-35.75 cents per pound.

GOLD

Gold rose $2 an ounce from Wednesday's close in the London bullion market yesterday to finish at $342¾-343¼. The metal opened at $342½-342¾ and traded between a high of $345-345½ and a low of $341-341½. Profit taking pushed it to the day's low during the morning but renewed interest and a weaker dollar reversed the trend in the afternoon.

GOLD BULLION (fine ounce) Mar. 6		
Close	$343¼-343¾	(£236¾-236½)
Opening	$349¼-348¾	(£236¼-236¾)
M'n'g fix	$345.00	(£236.901)
Aft'n'n fix	$344.60	(£236.364)

GOLD AND PLATINUM COINS		
Kr'g'r'nd.	$348-348½	(£238—239)
½ Krug.	$182¼-182¾	(£125-126¼)
¼ Krug.	$63½-94	(£64-64½)
1/10 Krug.	$39¼-38¾	(£26¼-26½)
Mapleleaf	$356-356½	(£243½-245¾)
Angel	$354-356	(£243¾-244)
1/10 Angel	$36-40	(£24-27½)
New Sov.	$83¼-83¾	(£57-57½)
½ New Sov.	$49½-50	(£34-34½)
Old Sov.	$81½-88	(£60-61)
$20 Eagle	$440-480	(£301¾-328)
Noble Plat	$431¾-420¾	(£295¼-282½)

SILVER

Silver was fixed 4.45p an ounce lower for spot delivery in the London bullion market yesterday at 384.25p. US cent equivalents of the fixing levels were: spot 558.5c, down 11.3c; three-month 568.55c, down 11.95c; six-month 578.85c, down 12.05c; and 12-month 599.4c, down 14.1c. The metal opened at 387¼-388¼p (560¼-562¼c) and closed at 384½-386¼p (560-562c).

SILVER per troy	Bullion Fixing Price	+ or —	L.M.E. p.m. Unofic'l	+ or —
Spot	384.25p	—4.45	382.5p	+0.5
3 months	395.85p	—4.85	394.0p	+1.25
6 months	405.90p	—5.05	—	—
12 months	426.15p	—5.70	—	—

LME—Turnover: 20 (32) lots of 10,000 oz.

Three months high 394p, low 393p, final kerb 395-7p.

SOYABEAN MEAL

With the exception of near April, prices traded around unchanged throughout the day in featureless conditions, reports *Muirpace.*

	Yesterday close £ per tonne	+ or —	Business Done
Apr	157.0-159.8	+0.95	157.8
June	151.5-152.8	+0.50	151.5-151.3
August	129.5-130.0	+0.65	129.5-129.1
October	150.5-151.5	+0.75	150.5-150.6
Dec.	152.8-144.0	+0.98	—
Feb.	155.5-156.5	+1.00	—
Apr.	158.0	+3.50	—

Sales: 170 (530) lots of 20 tonnes.

COCOA

Futures moved within a £35 range today finally closing on a steady note near the highs although actually registering new life on contract lows at the bottom of the range. Physical interest was limited to light secondhand trading with both producers and consumers apparently withdrawn, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
March	1505-1506	+18.0	1508-1480
May	1496-1497	+11.0	1497-1471
July	1539-1536	+16.0	1537-1502
Sept.	1563-1554	+21.5	1566-1551
Dec.	1584-1585	+26.0	1586-1560
March	1609-1610	+8.5	1600-1580
May	1624-1630	+7.0	1620-1616

Sales: 5271 (5580) lots of 10 tonnes.

COFFEE

Wednesday's closing rally on the New York exchange prompted early steadiness in robusta futures, reports Drexel Burnham Lambert. However, with traders reluctant to commit themselves to new positions it was not until the afternoon that prices moved to their highs, once again prompted by "C" contract. Profit taking trimmed gains at the end of a directionless day with no new fundamental news.

COFFEE	Yesterday's Close	+ or —	Business Done
March	2560-70	+64.5	2585-2580
May	2615-23	+45.5	2650-2570
July	2660-65	+56.5	2711-2655
Sept.	2710-26	+18.0	2770-2690
Nov.	2761-80	+6.8	2805-2759
Jan.	2810-30	+30.9	2820-2780
Mar.	2800-30	+19.5	2816-2815

Sales: 5925 (7005) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for Comp. daily 1979 207.79 (209.80); 15-day average 201.30 (200.58).

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo			
April	840/841	850 848.5	843/844
July	749/751	754/748	750/758
Oct.	855/860	860/858	858/862
Jan.	860/865	—	860/970
April	935/945	—	940/949
July	810/820	—	790/815
Oct.	900/925	920/680	865/690
Jan.	860/930	—	856/930
BFI	732	—	756

Turnover: 109 (129).

	Close	High/Low	Prev.
Tankers			
Mar.	815/830	826/896	880/830
April	795/805	810/810	800/825
May	780/805	800/800	765/810
June	750/775	—	770/810
Sept.	940/960	—	900/1000
Dec.	625/870	—	895/685
BTI.	883	—	886

Turnover: 66 (62).

GRAINS

In dull trading conditions old crop wheat saw a 100 lot shipper to shipper exchange on May/July switching with further long liquidation on old crop barley. New crops recovered from early trade selling interest, closing steady on merchant support, reports T. G. Roddick.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterdys close	+ or —
Mar.	118.00	+0.15	113.00	—0.20
May	118.70	+0.05	110.50	—0.40
July	119.70	—	—	—
Sept.	99.50	+0.05	97.85	—
Nov.	102.60	+0.15	101.40	—
Jan.	106.45	+0.29	105.00	—

Business done—Wheat: Mar 118.00-5.75, May 118.70-8.45, July 119.75-9.50, Sept 99.50-9.30, Nov 102.60-2.30, Jan 106.45-6.15. Sales: 408 lots of 100 tonnes. Barley: Mar 113.55 only, May 110.60-0.45, Sept 97.75 only, Nov 101.35-1.25. Sales: 83 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring no 1 15 per cent April/May 122.50 transhipment East coast. US no 2 soft red winter June 95.50 sellers East Coast, Mar 117.75/118.25 buyer/seller, April 119.50 buyer, April/June 121.50 sellers. English feed fob Mar 118.00-119.00, Oct 103.50 paid East coast. Mar 117.75/118.25 buyer/sellers, April 119.50 buyer, April/June 121.50 sellers, Sept 100.50-102.00, Oct 103.50-104.00, Oct/Dec 106.50-16.50, Jan/Mar 111.50-112.00 buyer/sellers. Maize: US no 3 yellow/French transhipment East coast first half Mar 143.00 seller. Barley: English feed fob Mar 118.00, April 118.75, April/June 121.00 seller, July/Aug 96.00, Aug 98.50, Sept 100.50, Oct/Dec 104.50, Jan/Mar 109.50 buyer. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed Barley: W Mids 110.50, N West 111.00. The UK monetary coefficient for the week beginning Monday March 10, will change to 1.123.

SUGAR

LONDON DAILY PRICE—Raw sugar $164.50 (£113.50), same (up $1.00) a tonne for March/April delivery. White sugar $186.00, down $1.00.

No. 6 Con-tract	Yest'day's close	Previous close	Business done
	$ per tonne F.O.B.		
May	153.2-178.2	156.5-156.6	178.8-176.8
Aug	178.5-176.6	158.4-158.5	176.8-175.4
Oct	178.8-179.2	158.4-159.0	181.6-179.0
Dec	186.5-186.8	158.4-167.6	164.8
Mar	176.6-179.2	171.8-178.0	181.8-178.6
May	176.5-178.8	176.6-178.8	179.6-177.4

Sales: 880 (2644) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £218.00 (£217.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for March 6: Daily price 5.76 (5.43); 15-day average 5.78 (5.72).

PARIS—(FFr per tonne): May 1324/1325, Aug 1362/1364, Oct 1395/1404, Dec 1420/1434, Mar 1477/1494, May 1524/1544.

POTATOES

Market dropped in thin volume on opening call before renewed buying interest rapidly lifted April values. Selling pressure here was less than might have been expected and market fairly easily broke into the higher ground and remained above £100.00 for the rest of the session, closing on strong note, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Apr	101.60	98.70	102.50
May	116.70	110.50	111.00
Nov	79.00	79.40	—
Feb	86.00	85.50	—
Apr	100.50	100.20	100.00

Sales: 1,678 (1,331) lots of 40 tonnes.

Earlies—July 82.50, +1.5, 82.00; Aug 76.00, unchanged, Sept 70.00, unchanged.

INDICES

FINANCIAL TIMES

Mar. 6	Mar. 5	M'th ago	Year ago
—	—	—	566.74

(Base: July 1 1952=100)

REUTERS

Mar. 6	Mar. 5	M'th ago	Year ago
1825.0	1854.9	1845.9	2030.9

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Mar. 4	Mar. 5	Month ago	Year ago
Spot	128.34	128.62	—	117.02
Fut.	132.66	133.65	—	130.55

(Base: December 31 1931=100)

* Not available due to suspension of tin LME

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Mar. 6 1986	+ or —	Month ago
METALS			
Aluminium	[illegible]		
Free Market	$1255-275	+10	$1180/200
Copper			
Cash h Grade	£988.75	+11.25	£1062.75
3 mths	£1007.5	+16.25	£1062.75
Gold Troy oz	$343.5	+2.0	$338.25
Lead Cash	£251.75	−1.25	£259.25
3 mths	£260.5	−1.25	£268.5
Nickel			
Free Mkt	189/209c	+1	176-196c
Palladium oz	$100.65	+1.65	$97.00
Platinum oz	$410.50	+0.85	$355.75
Quicksilver†	$250/260		$220/230
Silver troy oz	384.25p	−4.45	403.50p
3 mths	395.85p	−4.85	415.50p
Tin cash	‡		
3 mths	‡		
Tungsten	$62.76		$65.62
Wolfram 22.04lb	$54/63		$55/65
Zinc	£435.5	−4.5	£445.5
3 months	£447.75	−4.0	£456.75
producers	$650/670		$660/700
OILS			
Coconut (Phil)	$375z	−5	$340
Palm Malayan	$248.5z		$310
SEEDS			
Copra Phil	$190z		$235
Soyabean (U.S.)	$224.5	−0.5	$226.5
GRAINS			
Barley Fut. May	£110.5	−0.4	£117.50
Maize	£143.50		£161.50
Wheat Fut. May	£118.7	+0.05	£120.00
No. 2 Hard Wint.	‡		
OTHERS			
Cocoa Ft. May	£1496.5	+11.0	£1596.5
Coffee Ft. May	£2615	+45.5	£2630
Cotton A Index	58.40c	−0.45	54.95c
Gas Oil Apr.	$137.75	−5.50	$163.5
Rubber (kilo)	60.50p	−0.5	61.5p
Sugar (raw)	$164.5		$137.5
Wooltops 64s	418p kilo		420p kilo

‡ Unquoted. † Per 75-lb flask. c Cents a pound. v May. y April-May. x March-April. z April.

MEAT

PIGMEAT Month	Y'day close	+ or —	BEEF Y'day close	+ or —
	p. per kilo (deadweight)			
Mar	—	—	—	—
April	104.80	+0.50	194.70	+0.20
May	103.00	+0.30	—	—
June	102.50	—	—	—
July	101.00	—	—	—
Aug	102.00	—	—	—

Pigmeat sales: 38 (5) lots of 50 carcases, 3,250 kg.

Beef sales: 5 (25) lots of 20 sides.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 98.00p per kg lw (−0.43). GB—Sheep 220.0p per kg est dcw (+10.79). GB—Pigs 80.26p per kg lw (+2.15).

US MARKETS

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
March	54.00	—	—	56.05
April	54.35	—	—	56.50
May	54.65	56.85	56.20	56.65
July	57.10	57.10	56.80	57.40
Sept	57.55	57.55	57.50	57.80
Dec	58.30	—	—	58.50
Jan	58.55	—	—	58.80
March	59.30	—	—	59.50
May	59.65	—	—	60.40
July	60.10	—	—	61.00

COCOA 10 tonnes, $/ tonnes

	Latest	High	Low	Prev
March	1915	1915	1900	1887
May	1970	1983	1935	1939
July	2006	2015	1973	1975
Sept	2040	2050	2016	2013
Dec	2080	2080	2044	2045
March	2091	2075	2071	2073
May	2090	—	—	2073
July	2100	—	—	2076

COFFEE "C" 37,500 lbs, cents/lb

	Close	High	Low	Prev
March	251.20	253.00	249.80	245.00
May	254.42	255.25	250.50	248.73
July	256.82	257.00	254.00	253.00
Sept	260.00	261.00	257.50	257.00
Dec	261.47	262.00	258.50	259.00
March	261.75	—	—	260.00
May	261.75	—	—	263.75

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
March	65.10	65.30	64.50	64.25
April	65.40	65.40	65.40	64.25
May	65.55	66.20	65.30	65.40
July	66.25	66.40	66.00	66.40
Sept	66.66	66.70	66.15	66.75
Dec	67.10	67.40	66.75	66.25

COTTON 50,000 lbs, cents/lb

	Close	High	Low	Prev
March	62.40	62.80	62.00	62.50
May	62.65	63.23	62.65	63.14
July	62.55	64.05	62.55	63.45
Oct	44.30	44.46	44.30	44.54
Dec	44.35	44.48	44.25	44.54
March	45.40	45.76	45.40	45.62
May	46.05	46.20	46.05	46.30
July	46.60	46.60	46.60	46.80

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrel

	Close	High	Low	Prev
April	12.95	13.15	12.56	12.99
May	13.03	13.22	12.62	12.32
June	13.10	13.27	12.75	12.44
July	10.22	13.27	12.85	12.87
August	10.48	13.37	13.10	12.87
Sept	10.76	13.56	13.50	13.02
Oct	10.76	14.20	13.70	13.27
Nov	14.00	14.70	13.84	13.27
Dec	14.25	14.57	14.25	13.87
Jan	14.60	14.60	14.00	13.79
Feb	14.60	14.60	14.60	13.91

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
March	342.3	343.1	342.0	342.8
April	344.3	347.5	343.7	344.5
May	346.2	—	—	346.5
June	348.1	351.0	346.5	348.5
Aug	351.8	354.5	351.2	352.3
Oct	355.7	357.7	355.4	356.5
Dec	359.7	361.5	358.0	360.1
Feb	363.8	364.8	363.6	364.6
April	367.8	368.5	368.5	367.8
June	371.5	—	—	371.3
Aug	375.8	377.1	377.1	376.1
Oct	379.5	—	—	380.5
Dec	384.8	385.0	385.0	385.1

HEATING OIL 42,000 US gallons, cents/US gallons

	Close	High	Low	Prev
April	47.75	48.50	45.40	44.01
May	40.90	42.25	39.80	38.80
June	39.00	39.22	37.90	37.06
July	39.80	39.70	37.90	37.25
Aug	39.70	40.05	39.00	37.88
Sept	40.50	40.55	39.50	38.65
Oct	41.45	—	—	39.40
Nov	42.40	41.86	41.50	40.36
Dec	42.80	43.05	42.30	41.06
Jan	43.20	—	—	41.80

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
March	86.10	86.10	84.00	84.00
May	85.20	85.20	84.05	83.50
July	85.10	85.20	84.50	84.00
Sept	84.50	85.10	84.50	83.75
Nov	85.55	85.00	84.50	84.00
Jan	85.55	86.25	85.00	85.05
March	86.40	86.55	85.50	85.55
May	87.40	87.00	87.00	86.00
July	87.40	87.00	87.00	86.40

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
March	403.4	—	—	407.0
April	405.4	413.0	404.0	409.0
July	407.0	415.0	405.0	411.0
Oct	408.5	415.5	410.0	412.0
Jan	409.7	413.0	410.0	413.1
April	411.1	416.5	416.0	414.5

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
March	560.0	562.5	556.0	558.7
April	562.5	—	—	561.5
May	566.0	569.8	563.0	565.5
July	572.8	576.0	571.0	572.8
Sept	581.3	582.5	577.0	578.7
Dec	583.3	594.5	585.5	591.4
Jan	596.2	—	—	595.3
March	603.7	603.5	602.5	602.8
May	611.4	613.0	610.0	610.5
July	619.2	—	—	618.3

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
May	6.90	6.91	6.65	6.75
July	7.04	7.15	6.95	7.04
Sept	7.15	7.26	7.12	7.18
Oct	7.23	7.27	7.10	7.21
Jan	7.37	—	—	7.40
March	7.78	7.87	7.70	7.78
May	7.93	8.00	7.85	7.95
July	8.09	8.05	8.00	8.10

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
April	60.40	61.95	60.32	60.70
June	59.47	60.52	59.35	59.75
Aug	57.67	58.40	57.45	57.72
Oct	55.85	56.40	55.60	55.85
Dec	55.35	58.80	58.10	56.37
Feb	58.77	58.80	58.77	58.70

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
April	38.85	39.12	38.42	38.40
June	43.37	43.95	43.15	43.17
July	43.30	43.40	42.75	42.80
Aug	42.52	42.80	42.30	42.00
Oct	39.50	39.75	39.15	39.27
Dec	40.72	41.05	40.55	40.85
Feb	40.67	40.95	40.55	40.67
April	37.92	37.95	37.95	37.85
June	40.30	40.30	—	40.00

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
March	226.4	228.4	225.9	226.2
May	228.4	229.5	227.2	227.0
July	228.0	229.0	226.6	226.6
Sept	211.4	211.4	207.6	209.0
Dec	207.2	207.4	206.4	206.0
March	215.0	216.0	212.0	214.2
May	218.0	218.0	216.0	218.2

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
March	56.80	56.90	55.80	56.20
May	57.32	58.00	56.60	56.55
July	57.90	58.70	57.10	57.15
August	57.20	57.40	56.40	56.35
Feb	60.25	60.90	60.25	60.55
March	60.30	60.30	—	60.00

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	536.4	537.0	532.0	531.4
May	536.4	538.4	533.0	533.2
July	542.2	542.4	537.2	536.2
August	539.4	540.2	533.0	533.0
Sept	522.0	522.0	518.0	516.0
Nov	517.4	517.4	512.4	512.0
Jan	525.4	526.4	520.4	520.0
March	536.0	536.4	532.2	532.0
May	544.0	544.0	540.0	539.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
March	162.7	162.8	160.9	160.9
May	162.3	163.2	161.3	161.1
July	163.3	163.8	161.8	161.4
Aug	162.8	162.8	160.8	161.0
Sept	157.3	158.0	157.0	155.5
Oct	153.5	153.6	152.0	151.5
Dec	153.8	154.2	152.7	152.5
Jan	155.0	155.0	154.5	153.0
March	157.0	158.0	157.5	156.5

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
March	17.04	17.22	16.94	17.18
May	17.29	17.37	17.15	17.30
July	17.71	17.77	17.58	17.71
Aug	17.80	17.95	17.75	17.95
Sept	17.90	18.00	17.70	17.95
Oct	17.95	18.00	17.85	17.97
Dec	18.25	18.25	18.05	18.20
Jan	18.35	18.35	18.35	18.30
March	18.79	18.80	18.75	18.75

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
March	344.4	344.4	342.0	341.0
May	297.4	299.4	295.4	295.0
July	262.2	265.4	261.2	261.2
Sept	264.6	265.4	262.0	262.0
Dec	272.0	272.5	270.0	269.4
March	272.0	272.4	272.0	270.0

SPOT PRICES

SPOT PRICES—Chicago loose lard 13.00 (11.00) cents per pound. Handy and Harman silver bullion 559.00 (568.00) cents per troy ounce.

changed. Sales: 40 (9) lots of 10 tonnes.

OIL

Several cargoes of dated March North Sea crudes were closed midweek. Fifteen-day Brent traded thinly with attention centred on May. Nymex April WTI opened 36 cents up and gained a further 60 cents by 1.30 EST. In the products market Naphtha and gasoline were stable on little prompt demand but prices were encouraged by firmer futures. Gasoil also firmed on future. Heavy fuel prices rose quickly on demand into the UK and Benelux—Petroleum Argus London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—March		
Arab Light	—	—
Arab Heavy	—	—
Dubai	11.50-11.90*	+0.50
Brent Blend	12.00-12.25	+0.10
W.T.I. (1 pm est)	13.70-13.75	+0.60
Forcados (Nigeria)	12.75-12.85*	+0.50
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	156-160	—
Gas Oil	176-179	+1.50
Heavy fuel oil	89-92	+6.00
Naphtha	117-119	—

* April Petroleum Argus estimates

GAS OIL FUTURES

Month	Yesterday's close	+ or —	Business Done
	$ US per tonne		
March	176.00	+8.50	176.50-168.50
April	165.00	+7.25	166.00-158.00
May	155.50	+7.25	158.00-151.25
June	151.50	+8.00	152.00-146.00
July	150.50	+8.00	151.00-145.00
Aug	153.50	+8.00	—

Turnover: 4,102 (5,454) lots of 100 tonnes.

CRUDE OIL FUTURES—Brent Blend index, $ a barrel. (Close, change business done): Index 12.34-0.04, April 12.70-13.50, May 12.00-12.50, June 12.00-12.20, July 12.30-13.70. Turnover: nil (nil) lots of 1,000 barrels.

RUBBER

PHYSICALS — The London market opened around unchanged, no interest throughout the day and closed neglected, reports Lewis and Peat. Closing prices (buyers): Spot 60.50p (61.00p); April 61.00p (61.50p); May 61.50p (62.00p). The Kuala Lumpur April fob prices (Malaysia/Singapore cents) per kg: RSS No 1 was 202.0 (202.0) and for SMR 20 201.5 (201.0).

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Uncertainty depresses dollar

The dollar finished towards the lower end of the day's range in rather nervous trading. A half-point cut in the West German discount rate had been expected and this was reflected in Wednesday's strong improvement by the dollar against the D-mark. However, the implications of a chain reaction from West Germany through Japan to a cut in the US discount rate had a more sobering effect and speculators took the opportunity to take profits.

While acknowledging the benefits of lower interest rates, the market showed some concern as to the immediate effect a cut in the US rate would have on the dollar. Some argued that it had established a base at DM 2.20, already tested and held, while others insisted that the dollar still had room for a further decline.

Against this background of uncertainty the dollar slipped to finish at DM 2.2425 down from a high of DM 2.2715 and Wednesday's close of DM 2.2660. Against the yen it fell to Y179.30 from Y181.55. Elsewhere it closed at SFr 1.8990 from SFr 1.9115 and FFr 6.90 compared with FFr 6.9550. On Bank of England figures, the dollar's exchange rate index was 118.0 from 117.5.

STERLING — Trading range against the dollar in 1985-86 is 1.4960 to 1.0525. February average 1.4297. Exchange rate index closed at 73.8, unchanged from the opening but up from Wednesday's close of 73.7. The six months ago figure was 81.0.

Sterling remained on the sidelines for much of the day, improving slightly against the dollar but losing ground to most European currencies. There was little incentive to trade ahead of this month's Opec meeting and UK budget. The pound rose 60 points against the dollar to close at $1.4580 but fell against the D-mark to DM 3.27 from DM 3.29. It was also lower against the yen at Y261.5 from Y263.5 and SFr 2.7675 from SFr 2.7750. In terms of the French franc it eased to FFr 10.06 from FFr 10.10.

JAPANESE YEN — Trading range against the dollar in 1985-86 is 263.15 to Y178.95. February average 184.545. Exchange rate index 161.7 against 156.7 six months ago.

The yen traded within a fairly narrow range in Tokyo yesterday as the market waited to see if West German and Japanese interest rates were to be reduced. The dollar finished below its New York closing level but was up from a low of Y180.30 and Wednesday's close in Tokyo of Y179.30 at Y180.95. It had finished in New York at Y181.20.

D-MARK — Trading range against the dollar in 1985-86 is 3.4510 to 2.1930. February average 2.3310. Exchange rate index 135.0 against 124.7 six months ago.

The D-mark showed little overall change after yesterday's half point cut in the West German discount rate to 3½ per cent. Such a move had already been widely discounted. The dollar fell back from an opening level of DM 2.2685 to finish at DM 2.2465, little changed from DM 2.2405 on Wednesday. Its retreat from the day's high was attributed to profit taking after Wednesday's strong upward surge. Earlier in the day the US unit had been fixed at DM 2.2466 from DM 2.2210 previously and there was no intervention by the Bundesbank.

£ IN NEW YORK

Close	Mar. 6	Prev. close
£ Spot	$1.4600-1.4615	$1.4500-1.4515
1 month	0.60-0.58pm	0.69-0.58pm
3 months	1.58-1.55pm	1.65-1.60pm
12 months	4.88-4.75pm	4.66-4.86pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

March 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4460-1.4695	1.4575-1.4585	0.60-0.57c pm	4.81	1.60-1.56 pm	4.33
Canada	2.0356-2.0645	2.0615-2.0645	6.05-0.16c dis	−0.91	6.17-0.01 pm	5.17
Nethlnd.	6.68¼-3.70	3.69-3.70	2¼-2c pm	8.90	6-5¾ pm	6.36
Belgium	66.75-67.14	66.95-67.05	7c pm-4 dis	−0.27	31-21 pm	1.55
Denmark	12.04¾-12.13½	12.08¼-12.10¼	5¼-4¾ore pm	4.65	13½-12¼ pm	4.24
Ireland	1.0795-1.0905	1.0830-1.0840	0.40-0.65p dis	−6.26	1.10-1.40dis	−4.61
W. Ger.	3.26-3.29	3.26½-3.27½	2¾-2¾pf pm	8.26	6¾-6¼ pm	7.66
Portugal	213.52-216.93	214.33-215.93	236-610c dis	−23.57	580-1530dis	−19.43
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 67.65-67.75. Six-month forward dollar 2.86-2.81c pm. 12-month 4.50-4.75c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

March 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 46.40-46.50.

EXCHANGE CROSS RATES

Mar. 6	£	$	DM	YEN	F Fr.	S Fr.	H FL	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000; French Fr per 10; Lira per 1,000; Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

Mar. 6	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long-term Eurodollars: two years 7¾-8⅛ per cent; three years 8-8¼ per cent; four years 8¼-8½ per cent; five years 8½-8¾ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

FINANCIAL FUTURES

US bond record

Trading was at a record level in US Treasury bonds on the London International Financial Futures Exchange yesterday, with turnover around 14,800 contracts. June delivery opened firm at 96-11, in spite of overnight weakness in Chicago, where bonds finished limit down. Dealers suggested that traders in the Far East were less pessimistic than their US counterparts, by news the German Bundesbank would not hold a press conference after yesterday's council meeting. Strong buying in the Far East led to the firmer opening in London, and when the Bundesbank announced a cut of ½ per cent to 3½ per cent in its discount rate June Treasury bonds rose sharply to a peak of 95-31, leading to suggestions that after closing limit down, Chicago would open limit up.

After a period of some confusion, Chicago decided the price in London was far too high, and sold heavily, apparently believing the German discount rate cut, and the strong probability of similar moves by the Bank of Japan and US Federal Reserve, were well discounted by the market. The June contract fell sharply to a low of 93-10, before rallying to close at 94-00.

June Eurodollars also opened firm at 92.88, and although finishing below the day's high of 92.70, remained higher on the day at 92.62, against 92.55 on Monday. Falling oil prices have underpinned speculation that further cuts in world interest rates are likely, and this added support to the contract. Dealers commented that the main fear for the market is that the meeting of Opec ministers on March 16 will be the first step in re-establishing the strength of the cartel, producing a cut in oil production and a squeeze on prices.

Gilt futures retreated with US bonds, and were also depressed by the Prime Minister's comment that the time was not appropriate for sterling to join the EMS.

CURRENCY MOVEMENTS

Mar. 6	Bank of England Index	Morgan Guaranty Change %
Sterling	73.8	−12.1
U.S. dollar	118.0	+9.0
Canadian dollar	77.6	−15.5
Austrian schilling	126.2	+1.4
Belgian franc	94.6	−7.9
Danish Kroner	85.2	−1.6
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Mar. 6	Bank rate %	Special Drawing Rights	European Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

* CS SDR rate for March 6: 1.63068

OTHER CURRENCIES

Mar. 6	£	$
[illegible]	[illegible]	[illegible]

* Selling rate.

STERLING INDEX

	Mar. 6	Previous
8.30 am	73.8	73.6
9.00 am	73.8	73.6
10.00 am	73.8	73.5
11.00 am	73.8	73.6
Noon	73.6	73.8
1.00 pm	73.6	73.8
2.00 pm	73.7	73.8
3.00 pm	73.8	73.8
4.00 pm	73.8	73.7

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu March 6	% change from central rate	% change adjusted for divergence	Divergence limit %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

LONDON

LIFFE and Chicago futures price tables: [illegible]

THE COMPANIES ACT 1985
ALBANY WINES (SOUTHERN) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 588 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at 3 Wardrobe Place, Carter Lane, London EC4V 5AJ, on Thursday, the 20th day of March 1986, at 2.30 o'clock in the afternoon, for the purposes mentioned in sections 589 and 590 of the said Act.

Dated this 21st day of February 1986.

By Order of the Board,
A. Knight, Secretary.

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the US dollar against various currencies as of Wednesday, March 5, 1986. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one US dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of March 5 at 11.00 a.m.
3 months: 7$\frac{11}{16}$ 6 months: 7$\frac{11}{16}$

ECU=$US.972161 SDR1=$US1.14958
Sibor as of March 5 at 11.00 a.m.
3 months: 7$\frac{11}{16}$ 6 months: 7$\frac{11}{16}$

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	66.80
Albania	Lek	6.2948
Algeria	Dinar	4.771
Andorra	Fr. Franc	6.816
	Sp. Peseta	138.80
Angola	Kwanza	29.918
Antigua	E. Caribbean $	6.70
Argentina	Austral	6.861
Aruba	Florin (11)	1.80
Australia	Dollar	1.4211
[illegible]	[illegible]	[illegible]

COUNTRY	CURRENCY	VALUE OF DOLLAR
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	6.816
Guam	U.S. $	1.00
Guatemala	Quetzal (o)	1.00
	Quetzal (h, 0	2.87
Guinea Bissau	Peso	110.419
Guinea Rep	Franc (9)	340.00
Guinea Rep	Franc (i)	600.00
Guyana	Dollar	4.136
Haiti	Gourde	5.00
[illegible]	[illegible]	[illegible]

COUNTRY	CURRENCY	VALUE OF DOLLAR
Paraguay	Guarani (o.c.)	240.00
	Guarani (d)	817.26
Peru	Inti. (o) (5)	13.86
Philippines	Peso	88.16
Pitcairn Is.	N.Z. Dollar	1.8294
Poland	Zloty (o) (5)	163.19
Portugal	Escudo	147.00
Puerto Rico	U.S. dollar	1.00
Qatar	Riyal	3.641
Reunion, Il de la	Fr. Franc	6.818
[illegible]	[illegible]	[illegible]

MONEY MARKETS

German discount rate cut to 3.5%

The West German Bundesbank cut its discount rate to 3.5 per cent from 4 per cent and left the Lombard rate at 5.5 per cent at yesterday's council meeting. The rate on three-day Treasury bills was reduced to a record low of 4 per cent from 4.3 per cent. In order to prevent an expansion in bank liquidity when minimum reserve requirements are reduced by about DM 8bn on May 1, rediscount quotas at the Bundesbank will be cut by DM 5bn on the same date.

The Bank of Japan policy board is expected to meet today with a view to reducing the Japanese discount rate to 4 per cent from 4.5 per cent. Parliament in Tokyo is expected to pass the Government's Budget for the new financial year, on Saturday, paving the way for a rate cut effective next week.

In related moves the Dutch central bank reduced its bank rate to 4.5 per cent from 5 per cent, and the secured loans rate to 5 per cent from 5.5 per cent. The promissory note rate was cut to 5.5 per cent from 6 per cent. In Paris the Bank of France cut its money market intervention rate to 8¼ per cent from 8½ per cent.

There was no reaction in Switzerland and Austria to the German move. The discount rate of 4 per cent, and Lombard rate of 5.5 per cent were left unchanged by the central banks in both countries.

In London the three-month interbank rate fell to 12$\frac{1}{16}$-12$\frac{3}{16}$ per cent from 12$\frac{5}{16}$-12$\frac{7}{16}$ per cent.

The Bank of England initially forecast a money market shortage of £950m, but changed this to £1,100m at noon, and to £1,150m in the afternoon. Total help of £1,054m was provided. The amount of bills bought outright was £452m, all in bands 1 and 2 at unchanged rate of 12⅛ per cent and 12$\frac{1}{16}$ per cent respectively. Another £337m bills were purchased for resale to the market on March 25, at 12$\frac{7}{32}$-12$\frac{1}{32}$ per cent. Late assistance of around £265m was also provided.

Bills maturing in official bands, repayment of late assistance and a take-up of Treasury bills drained £823m, with the unwinding of repurchase agreements absorbing £303m; a rise in the note circulation £30m; and bank balances below target another £25m. These outweighed Exchequer transactions adding £245m to liquidity.

UK clearing banks base lending rate 12½ per cent since January 9

NEW YORK RATES

(Lunchtime)

Prime rate	9½
Broker loan rate	8¾
Fed funds	7¾
Fed funds at intervention	—

Treasury Bills & Bonds

One month	6.28
Two month	6.52
Three month	6.66
Six month	7.00
One year	7.13
Two year	7.36
Three year	7.39
Four year	7.53
Five year	7.68
Seven year	7.87
10 year	8.00
30 year	8.15

FT LONDON INTERBANK FIXING

(11.00 a.m. March 6)

Three months US dollars		Six months US dollars	
bid 7 9/16	offer 7 11/16	bid 7 1/2	offer 7 5/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Mar. 6	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	12-24	16$\frac{1}{16}$-16$\frac{1}{2}$	16¼-16⅛	16$\frac{1}{16}$-16$\frac{3}{16}$	11$\frac{11}{16}$-11$\frac{1}{2}$	11⅜-11$\frac{1}{16}$
Sterling CDs	—	—	12$\frac{1}{16}$-12$\frac{1}{16}$	11⅞-12	11⅜-11½	11-11⅛
Local Authority Depos	12⅞	16⅛-18⅝	12⅛	12⅛	11¾	11½
Local Authority Bonds	—	—	18⅛	16$\frac{1}{16}$	12⅛	11⅞
Discount Mkt Depos.	12¾-16	16⅛	16¾	11¾	—	—
Company Depos.	13-15¼	16¾-15	12$\frac{1}{16}$	19⅜	—	—
Finance Hse Depos.	—	—	16⅜	12$\frac{1}{16}$	11¾	11$\frac{1}{16}$
Treasury Bills (Buy)	—	—	16$\frac{1}{16}$	11$\frac{1}{16}$	—	—
Bank Bills (Buy)	—	—	16$\frac{1}{16}$	11$\frac{1}{16}$	11$\frac{1}{16}$	—
Fine Trade Bills (Buy)	—	—	18$\frac{1}{16}$	12$\frac{1}{16}$	11$\frac{1}{16}$	—
Dollar CDs	—	—	7.60-7.85	7.50-7.66	7.00-7.55	7.55-7.60
SDR Linked Depos	—	—	8¼-8⅛	7$\frac{1}{16}$-8$\frac{1}{16}$	7⅝-7⅞	7$\frac{1}{16}$-7$\frac{1}{16}$
ECU Depos.	—	—	6⅞-16	9⅝-9¾	8$\frac{1}{16}$-9$\frac{1}{16}$	8$\frac{1}{16}$-8$\frac{1}{16}$

Treasury Bills (sell): one-month 12¼ per cent; three-months 11¾ per cent. Bank Bills (sell): one-month 12¾ per cent; three-months 11¾ per cent. Treasury Bills: Average tender rate at discount 11.8481 per cent. ECGD Fixed Finance Scheme IV reference date February 5 to March 4 (inclusive): 12.654 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rates 16 per cent from March 1 1986. Bank Deposit Rate for sums at seven days' notice 6-6¾ per cent. Certificates of Tax Deposits (Series 8). Deposits £100,000 and over held under one month 12¼ per cent; one-three months 12 per cent; three-six months 11½ per cent; six-nine months 11¼ per cent; nine-12 months 11½ per cent. Under £100,000 11¾ per cent from March 7. Deposits held under Series 5 11¾ per cent. Deposits withdrawn for cash 7 per cent.

MONEY RATES

Mar. 5	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'ntion
Frankfurt	4.65-4.70	4.45-4.55	—	4.6-4.6	—	5.6
Paris	8⅛	8$\frac{1}{16}$-8$\frac{1}{16}$	—	8⅝-8¾	—	8¼
Zurich	7⅛-11⅛	3⅛-5¾	—	3¼-6¾	—	—
Amsterdam	6⅞-6$\frac{1}{16}$	5⅛-5⅝	—	6⅛-5⅝	6⅛-5⅝	—
Tokyo	5.90625	6.09375	5.96875	5.90625	—	—
Milan	17⅝-18	17⅛-17⅞	—	16⅝-17	—	—
Brussels	10.26	9$\frac{1}{16}$-6¾	—	9$\frac{1}{16}$-9$\frac{1}{16}$	—	—
Dublin	14⅛-14⅝	16-16¼	16¾-16	15⅝-15⅝	12¾-16¾	—

LONDON SHARE SERVICE

BRITISH FUNDS

1985/86 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅞	96¼	Treas. 10pcCnv 1986	99⅞xd		10.02	12.44
98⅞	92¼	Treas 3pc 1986	98⅞	+⅛	3.05	12.05
100	97½	Exch. 10½pc 1986	99⅞	+⅛	10.54	12.38
101⅞	99¼	Treas 12pc 1986	99⅞	+⅛	12.00	11.97
99	94¼	Treas 8¼pc 1984-86‡‡	99	....	8.59	11.49
105⅞	100½	Exch. 14pc 1986	101⅞	...	13.81	11.71
95⅞	87¼	Exch. 2½pc 1986	95½	....	2.63	9.15
104⅞	100¼	Exch. 13¼pc 1987	101⅞	....	13.06	11.41
99⅞	96⅝	Treas 10¼pcCv '87	99⅞	...	10.33	11.16
94¼	85½	Exch 2½pc 1987	94½	...	2.65	8.52
100⅞	96¼	Exch. 10½pc 1987	99½xd	+⅛	10.55	11.05
95⅞	89	Funding 6½pc '85-87‡‡	95⅞	+⅛	6.78	10.38
99⅞	95½	Treas. 10pc 1987	98⅞	+⅛	10.12	10.99
93¼	84¼	Treas 3pc 1987	93⅜	....	3.21	8.37
102⅞	99⅛	Treas 12pc 1987	101⅞	+⅛	11.83	10.94
95½	90¼	Treas 7¾pc 1985-88‡‡	95½	+⅛	8.11	10.42
100⅞	95⅛	Exch 10½pc '88	99⅞	...	10.57	10.82
98¼	93⅛	Treas 9¾pc Cv '88	97⅞	+⅛	9.97	10.83
88¼	00	Transport 3pc '78-88	88¼	+⅛	3.38	8.43
97⅞	91½	Treas. 9½pc '88	96⅞	+⅛	9.81	10.87
102⅞	97½	Treas 11½pc 1989	102	+⅛	11.28	10.69
97⅞	90¼	Treas 9½pc Cnv. '89	97⅛	+⅛	9.78	10.60
85⅛	29	Treas 3pc 1989	85⅛	+⅛	3.52	8.36
99⅞	94	Treas 10½pc 1989	99½	+⅛	10.55	10.64
98⅞	92	Exch 10pc 1989	98¼	+⅛	10.18	10.63
101⅞	95	Exch 11pc 1989	101⅞xd	+⅛	10.87	10.55
87⅞	79	Treas 5pc 1986-89	87⅛	+⅛	5.74	9.30
101⅞	95	Exch 10¼pcCv '89	101⅞	+⅛	10.10	9.83
108⅞	103⅛	Treas 13pc 1990‡‡	107⅞	+⅛	12.06	10.47
101⅞	96⅞	Exch 11pc 1990‡‡	101⅞	+⅛	10.82	10.46
108¼	100¼	Exch. 12½pc 1990	106⅞xd	+⅛	11.73	10.47
81¼	75¼	Treas. 3pc 1990	81¼	+⅛	3.69	8.42
93¼	87¼	Treas 8¼pc 1987-90‡‡	93¼	+⅛	8.86	10.22
101⅛	91⅞	Treas. 10pcCv 1990	98⅞	+⅛	10.16	10.42
77⅞	76⅞	Exch 2½pc 1990	73⅞	+⅛	3.22	0.34
108¼	97⅛	Treas 11¾pc 1991	104⅞	+⅛	11.21	10.41
		Five to Fifteen Years				
88¼	77⅞	Funding 5¾pc '87-91‡‡	88xd	–⅛	6.53	0.73
103	93⅞	Exch. 11pc 1991	102⅛	–⅛	10.71	10.33

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

MINES—Continued

O.F.S.

1985/86 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
385	138	Beatrix Mines¶	215	+7	15c	♦	2.3
905	765	F.S. Cons. Gold 50c	769	.....	—	—	—
210	65	Free State Dev. 10c	180	.....	Q15c	1.1	2.7
£13¼	505	Harmony 50c	944	.....	Q240c	2.3	8.2
423	208	Loraine R1	369	+5	Q75c	3.1	6.7
£16⅝	671	St. Helena R1	£10¼	+⅛	Q450c	♦	14.4
888	332	Unisel	545	−5	†Q150c	1.1	9.3
696	356	Welkom Gold Hldgs 50c	518	.....	Q234c	1.0	14.9

Diamond and Platinum

1985/86 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£51	£27	Anglo-Am. Inv. 50c	£50	.....	Q590c	1.0	3.8
502	265	De Beers Df. 5c	485	+2	†Q40c	4.7	2.7
700	275	Do. 40pc Pf. R5	400	.....	Q200c	x	16.2
£11¼	480	Impala Plat. 20c	700	.....	Q135c	1.9	6.3
640	350	Lydenburg 12½c	600xd	.....	Q72c	1.0	3.9
805	430	Rus. Plat. 10c	780	.....	†Q90c	1.4	3.7

Central African

1985/86 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
190	140	Falcon Z50c	100	.....	†Q100c	2.5	24.8
15	10	Wankie Col. Z$1	12	.....	v05c	3.6	18.6
19	10	Zam.Cpr.SBD0.24	15	.....	—	—	—

Finance

1985/86 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
135	70	Alex Corp SA $1.50	85	.....	Q7.5c	4.4	6.6
£21	875	Ang. Am. Coal 50c	£11¾	.....	†Q195c	3.1	5.4
£11¾	590	Anglo Amer. 10c	£10⅝	.....	Q135c	2.0	4.1
£79	£30⅝	Ang. Am. Gold R1	£56	+1	†Q1025c	1.0	5.9
£40	£21	Anglovaal 50c	£40	.....	†Q360c	2.9	4.2
33	9	‡Clogau Gold 10p	18½	.....	—	—	—
160	50	♥Cons Alex Corp	90	.....	N05½c	—	2.0
582	400	Cons. Gold Fields	468	−4	24.5	1.5	7.5
77	29	East Rand Con. 5p	62	.....	t1.0	1.0	2.3
£10¼	450	Gencor R1	880	.....	†Q170c	1.1	7.0
*£17¼	475	Gencor 40c	£10	.....	Q190c	1.2	6.2
22	10½	Gold & Base 12½p	59	−1	—	—	—
£15¼	608	Gold Fields S.A. 5c	£10¼	+¼	†Q120c	2.0	3.8
£96	£40	Jo'burg Cons. R2	£79	.....	Q875c	2.2	3.6
975	450	Middle Wit 25c	900	.....	†Q105c	1.5	3.8
780	450	Minorco $B01.40	600	.....	Q22c	1.2	2.6
575	250	New Wits 50c	500	−25	†Q70c	1.6	4.5
£22¼	£19⅞	OFS Invs 1c	£20	+⅛	—	—	—
34	15	Rand London 15c	18	.....	—	—	—
£33	£14	Rand Mines R1	£21	.....	Q350c	2.0	5.4
775	285	Rand Min. Props. R1	425	.....	Q65c	2.6	5.0
115	88	Vogels 2½c	100	.....	Q30c	♦	9.7

Australians

Tins

Miscellaneous

1985/86 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
55	30	Anglo-Dominion	30	.....	—	—	—
42	32	Anglo Utd Dev.	32	−1	d1.05	♦	4.7
120	48	♥Colby Res Corp	50	.....	—	—	—
550	175	Cons. Murch. 10c	240	.....	‡Q80½c	3.9	‡
40	24	‡Ennex Int. I£0.10p	29	.....	—	—	—
123	70	Greenwich Res	91	+4	—	—	—
215	115	Hampton Areas 10p	127	−3	3.75	0.9	4.3
260	136	♥Highwood Res	222	−8	—	—	—
£22½	£15¼	Homestake Mining $1	£16½	+⅛	Q20c	—	0.9
310	155	♥McFinley Red Lake	190	.....	—	—	—
335	195	♥Musto Explorations	275	.....	—	—	—
55	23	♥New Sabina Res C$1	42	.....	—	—	—
375	195	Northgate C$1	212	.....	—	—	—
685	507	RTZ	627	−6	†20.0	2.0	4.6
£145½	£114½	Do. 9⅛pcLn '95-2000	£134	+1	Q9⅛%	14.0	17.2
980	800	♥Tara Expln $1	925	+25	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ● Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value

B Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	104	.....	Fin 13% 97/02	£115½	+⅜
Craig & Rose £1	£11	.....	Arnotts	290	+20
Finlay Pkg 5p	45	.....	CPI Hldgs	55	.....
Holt (Jos) 25p	720	.....	Carroll Inds	170	+2
IoM Stm. £1	67	+2	Dublin Gas	55	.....
			Hall (R. & H.)	64	+2
IRISH			Heiton Hldgs	26	+1
Fund 11¼% 1988	£99⅜		Irish Ropes	55	.....
Nat. 9¼% 84/89	£95⅞		Unidare	133	+8

"Recent Issues" and "Rights" Page 38
(International Edition Page 42)

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Feb 24	Mar 6	Mar 7	Mar 17
Mar 10	Mar 26	Mar 27	Apr 7
Apr 1	Apr 10	Apr 11	Apr 21

* "New-time" dealings may take place from 9.30 am two business days earlier.

Interest rate hopes inspire Gilts
Equities consolidate recent gains

The emphasis switched from leading equities to Government securities as interest rate optimism took a stronger hold yesterday following confirmation of the cut in the West German discount rate. The reduction, which it is hoped will be the first in a co-ordinated move towards lower international interest rates, was not a surprise. But it gave rise to speculation that Japan would follow early next week and the US shortly afterwards with the UK authorities taking similar action on Budget day.

Renewed domestic and foreign buying dispelled early doubts over the market resuming Tuesday's upturn and selected longer bonds rose 1½ points before reacting late on the Prime Minister's statement that the UK would join the EMS when the time is appropriate. Demand throughout the session was concentrated on partly-paid issues and recent newcomer Conversion 9½ per cent 2005 "A" moved up to 23½ before closing a net ⅝ up at 22⅞.

Sentiment also reflected another stable performance by the pound in foreign exchange markets and a further slight easing in money market rates. Three months interbank settled at 12⅛ per cent, some ⅞ below the current level of bank base lending rates. All conventional Gilts advanced at the expense of index-linked stocks; further switching from the latter sector brought fresh losses ranging to ⅞.

Leading industrials went ahead in the early trade and the indices achieved fresh inter-day peaks. Investors were enthused over Wall Street's turnround late on Wednesday but business was more evenly balanced than on the two previous trading sessions. Profit-taking brought some recent high-fliers down and certain stocks showed falls of double-figure amounts. The majority of blue chips, however, were not prepared to surrender much ground.

Speculative activity continued in some areas of the market, although features arising from "new-time" interest were few. Illustrating the overall trading pattern, the FT Ordinary share index fluctuated between 1306.8 and 1298.2 before closing 1.9 lower on the day at 1299.4.

Barclays lower

Barclays concluded an altogether impressive clearing bank dividend season, reporting a 37 per cent jump in annual earnings to £854m, which nevertheless failed to match most recent optimistic estimates—one broking house had forecast £880m—and the shares reacted to 455p on profit-taking before closing 13 down on balance at 488p. Other clearers drifted lower with sentiment also a shade unsettled by fears that the latest set of bumper results could lead to the imposition of a "windfall" profits tax in the forthcoming Budget. NatWest closed 6 down at 730p, after 725p, while Lloyds softened a few pence at 528p, after 525p. Midland also gave up 3 at 478p, after 475p, following comment on the preliminary figures. Elsewhere, Standard Chartered revived strongly as speculative buying fuelled by vague rumours of a bid from Hong Kong and Shanghai Bank lifted the shares 25 to 522p. Smith St Aubyn firmed 3 to 38p and Schroders, still responding to recent press comment, put on ½ more for a rise so far on the week of 1½ points at £13½.

Commercial Union touched a new peak of 291p following press comment on the results and a broker's profits upgrading before closing 4 to the good at 289p. Midland Bank merger rumours continued to surround Prudential which firmed 6 more to 882p, while Britannic added 13 at 868p and Sun Life appreciated 9 at 907p.

Allied-Lyons continued to feature Breweries, rising 12 for a two-day advance of 20 to 315p following a broker's bullish circular.

Leading Buildings turned irregular as recent buying enthusiasm waned and light profit-taking developed in a few places. AMEC came back 7 to 246p and Redland softened a couple of pence to 417p, but Costain continued firmly at 494p, up 6 and Tarmac gained 4 more to 424p. The Timber sector displayed a couple of bright features. Meyer International rose 9 to 208p, after 210p, on the announcement that the company had disposed of it minority interests in Delta Berhad and Delta Far East for about £4.4m and sold its interest in a freehold property at Millwall Docks for £3.6m. Magnet and Southern attracted good support following a broker's lunch and gained 14 to 150p. Elsewhere, Heywood Williams spurted 19 to 200p following comment on the annual results and proposed rights issue, but Arncliffe shed 6 to 52p as Mitra Trade and Investment reduced its stake to 6.2 per cent. Berkeley Group rose 27 to 395p in a restricted market, but profit-taking left Helical Bar 20 lower at 128p. Access Satellite, nervously sold on Wednesday, rallied 15 to 95p.

ICI traded quietly and closed 4 dearer at 968p, after 974p. Renewed speculative buying lifted British Benzol 4½ to 82p, but profit-taking left Foseco 5 cheaper at 269p.

Proceedings in leading Retailers centred on Harris Queensway which touched 258p before settling 10 up on balance at 250p amid revived speculation of an imminent bid; Woolworth, Tesco, and Hepoo Corporation were all suggested as possible suitors. Elsewhere, small sellers held sway in a relatively disappointing business. Storehouse dipped 8 to 298p, as did Gussies A at 875p. Secondary counters, in contrast, responded to revived speculative demand. Home Charm, volatile recently following an abortive bid approach, rallied 12 to 332p, while Next put on 9 to 250p. Martin Ford, anticipating development in the near future in the wake of the recent takeover approaches, hardened a couple of pence to 126p, after 129p.

Cable and Wireless continued firmly among Electricals, rising 10 more to a new peak of 688p; the second and final instalment of 287p per share is due today. Racal improved 4 at 198p and Thorn EMI edged forward a couple of pence to 469p, but GEC softened 2 at 208p. STC gave up a similar amount to 116p awaiting today's preliminary results. Speculative support lifted Lec Refrigeration 13 to 303p and Questel responded to a broker's recommendation with a rise of 17 at 205p. International Signal and Control added 10 at 355p, while Quest Automation 9 to 35p. Brown Boveri Kent rose 8 to 91p as did Sound Diffusion to 46p, while Sunleigh ended a fraction dearer at 21p, after 22½p, following a lively trade. BSR, on the other hand, lost 8 at 108p, after 103p, following profit-taking in the wake of the results.

Apart from Vickers, which drifted back 8 to 423p on profit-taking, there was little of interest in the Engineering leaders. Elsewhere, TI advanced 18 to 471p, while stakeholder Evered, gained 8 to 216p. Bid speculation left Thomas Locker 5 to the good at 37p and the A shares 5½ dearer at 33p. Davy Corporation, an old takeover element, encountered a flurry of buying activity and closed 11 to the good at 108p. Demand persisted for Weir Group, 5½ up at 91p, while among smaller priced issues, Wellman came to life with a rise of 3½ at 24½p.

S. & W. Berisford, marked up to 219p initially on rumours that Tate and Lyle was about to launch a "dawn raid," eased back in the absence of any developments on the bid front to close 2 cheaper on balance at 211p. Tate and Lyle, which currently speaks for 2.8 per cent of the Berisford equity, were a dull market and settled 5 cheaper at 590p, but Hillsdown Holdings, with 9.09 per cent of Berisford under its belt, firmed 5 to 230p. Cadbury Schweppes rose 4 to 170p, after 172p, in reply to the slightly-better-than-expected annual results, while Unigate revived with a rise of 4 at 252p. Among Food Retailers, Tesco encountered profit-taking and slipped 5 to 336p, but Albert Fisher attracted buyers and spurted 13 to 183p. Elsewhere, Christian Salvesen firmed 5 to 143p following a broker's recommendation.

Reckitt & Colman up

The chairman's cautious remarks at the annual meeting depressed Grand Metropolitan, which dipped to 406p prior to closing a net 10 off at 410p. Most leading miscellaneous industrials fluctuated within fairly narrow limits settling with mixed movements on the day. However, Reckitt and Colman were noteworthy for a gain of 20 at 749p as demand persited. BOC ended 5 to the good at 359p and BTR a similar amount dearer at 448p. Metal Box, in contrast, encountered further profit taking at 640p, down 15, along with Reed International which gave up 14 to 800p. Elsewhere, Williams Holdings responded to the good preliminary results with a rise of 26 at 548p, while Wolseley Hughes, still reflecting the Grovewood Securities acquisition, advanced 21 more to 546p. Norcross were in demand at 230p, up 11, while news that Hillsdown Holdings has increased its stake to 14 per cent left Office and Electric 7 dearer at 217p. Metal Closures, a recent bid favourite, came to life with a gain of 8 at 144p; the preliminary figures are due on March 26. Cookson gained 6 more to 512p. Hyman, reflecting favourable Press mention, firmed 3½ to 37p, but Thermax eased 5 to 72p after the interim statement.

Recently firm Lex Service dropped 14 to 321p on news of the shock annual profits setback which saw earnings nearly halved to £23.6m. Elsewhere in Motors, Armstrong Equipment advanced 6 to 116p, after 118p, as investors showed increased interest ahead of the interim results scheduled for March 19.

Publishers were little changed on balance with the notable exception of Bristol Evening Post which were marked 45 higher to 415p following the disclosure that Kent Holdings has increased its stake to 25.4 per cent. Interest also revived in Associated Book Publishers, 10 up at 208p.

Courtaulds attracted fresh support and rose a few pence more to 254p, but other leading Textiles gave modest ground. Dawson fell 8 to 228p, while Vantona Viyella shed 4 to 442p. Marks and Spencer supplier Corah, down to 54½p in immediate reaction to the annual profits setback, rallied to 59½p—a fraction firmer on balance—on consideration of the confident tenor of the accompanying statement. Buyers returned for John Beales, 6 up for a two-day improvement of 11 to 125p, while Leeds closed 7 higher at 157p. Dealings in David Dixon were suspended at 325p pending an announcement.

Exco International, dull on Wednesday following the termination of merger talks with Morgan Grenfell, rallied a few pence to 224p, aided by a "buy" recommendation from brokers de Zoete and Bevan. Mercantile House, however, came on offer and dipped to 317p before settling 11 cheaper on balance at 324p.

Shell lose ground

Shell featured the leading Oils and retreated 12 to 868p on end-Account profit-taking; preliminary results are due next Thursday. BP initially touched 530p, but thereafter drifted back to close a few pence easier at 525p. Fears of a reduction in the 1986 dividend, to be announced on March 25, prompted renewed weakness in LASMO, which dropped 10 more to equal the 1985-86 low of 140p. Tricentrol, where the dividend is also thought to be under threat, lost 8 to 115p. Ultramar, reporting full-year figures on Wednesday, gave up a similar amount to 207p, while Britoil ended the day 5 cheaper at 175p. There were numerous weak spots in secondary Oils, especially Lysander Petroleum, 8 down at 40p.

Revived hopes of a consortium bid for the company following another sizable traded option business lifted Lonrho 11 to 260p.

Quiet Mines

A further improvement in the bullion price encouraged minor gains across the board in most sectors of mining markets but turnover, especially in the South Africans, remained at minimal levels.

Bullion gradually edged up throughout the day to close a net $2 firmer at $343.5 an ounce.

Dealers reported modest support for Golds and, apart from Western Deep, which rose ⅜ to £29⅜, gains in the heavyweights were usually restricted to around ¼. The Gold Mines index showed a 2.0 gain at 339.8. South African Financials were similarly subdued. "Amgold" proved an exception and put on a point to £56 in the wake of the record profits and increased dividend. Gold Fields of South Africa were ¼ up at £10¼ while De Beers, due to report full-year figures next Tuesday, were a shade firmer at 485p.

Profit-taking and general lack of interest unsettled UK Financials and Rio Tinto-Zinc closed 8 cheaper at 627p. Consolidated Gold Fields lost 4 at 488p; interim results are scheduled for Wednesday.

Australians moved narrowly in quiet trading with sentiment affected by the easier trend in overnight Sydney and Melbourne markets. A handful of the golds managed modest gains—Barrack Mines rose 10 to a year's best of 200p, while Poseidon put on a like amount to 150p still sustained by talk of a bid from Western Mining.

Traded Options

Perennial Traded Options favourite Lonrho returned to favour yesterday and attracted 3,034 calls, 1,079 in the May 220's, reflecting revived speculation of a consortium bid. Operators also paid fresh attention to Commercial Union which recorded 2,030 calls, the April 260's and 280's accounting for 826 and 818 trades respectively. ICI were active, especially the April 800's which contributed 1,078 calls to a total of 2,486. Renewed support was also noted for British Telecom and British Aerospace which recorded 1,756 and 1,123 calls respectively. Total contracts struck amounted to 24,211.

FINANCIAL TIMES STOCK INDICES

	Mar. 6	Mar. 5	Mar. 4	Mar. 3	Feb. 28	Feb. 27	year ago
Government Secs	86.38	86.18	85.96	86.21	86.45	86.66	80.09
Fixed Interest	90.90	90.57	90.32	90.69	90.15	90.12	83.59
Ordinary ♥	1299.4	1301.3	1281.2	1266.6	1277.4	1261.5	987.6
Gold Mines	332.8	337.8	337.6	342.7	336.3	332.8	481.0
Ord. Div. Yield	4.10	4.10	4.13	4.18	4.15	4.11	4.53
Earnings, Yld. %(full)	9.93	9.92	9.72	9.23	9.73	9.84	11.12
P/E Ratio (net) (*)	12.46	12.48	12.68	12.55	12.62	12.68	10.21
Total bargains (Est.)	36,500	36,099	37,218	37,607	32,300	31,855	23,320
Equity turnover £m.	—	866.12	734.35	664.65	762.90	663.24	474.91
Equity bargains	—	33,861	32,966	28,056	32,512	33,236	24,028
Shares traded (mls)	—	353.3	354.5	322.2	348.4	374.5	247.2

♥ 10 am 1301.1. 11 am 1301.5. Noon 1299.2. 1 pm 1298.4. 2 pm 1298.3. 3 pm 1298.3. 4 pm 1298.8. Day's High 1306.8. Day's Low 1298.2. Basis 100 Government Securities 15/10/26. Fixed interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026. *Nil=12.01.

HIGHS AND LOWS

	1985/86 High	1985/86 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	86.38 (5/3/86)	78.02 (21/1/85)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	90.90 (6/3/86)	82.17 (22/1/85)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1,301.3 (5/3/86)	[illegible]	1,301.3 (5/3/86)	49.4 (26/6/40)
Gold Mines	556.8 (15/4/85)	317.6 (3/1/86)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

Indices	Mar. 6	Mar. 4
Daily Gilt Edged Bargains	179.6	204.7
Equities Bargains	216.9	209.1
Value	1788.4	1,484.1
5-day Average Gilt Edged Bargains	196.1	206.9
Equities Bargains	213.8	215.6
Value	1668.2	1,548.0

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1985/6 High	Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985/6 High	Low	Stock	Closing price £	+ or −
[illegible]							

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985/6 High	Low	Stock	Closing price p	+ or −
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1985. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. t Indicated dividends: cover relates to previous dividend: p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. * Issued by way of capitalisation. § Placing price. §§ Reintroduction. ¶ Issued in connection with reorganisation, merger or takeover. ■ Allotment price. ● Unlisted securities market. †† Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a). †† Units comprising two ordinary, one preference and one warrant. ‡ Units comprising one New ordinary and one 6.5 per cent Cnv.Red.Prf.

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar 3	Mar 14	June 12	June 23
Mar 17	Apr 4	June 26	July 7
Apr 7	Apr 18	July 10	July 21

For rate indications see end of Unit Trust Service

Money was given for the call of Exco International, Thomas Locker A, Polly Peck, STC, Combined English Stores, Bejam, Amstrad, Promotions House, Eglinton Oil and Gas, John Brown, NMC, Wellcome, Manders, Mellerware, Raine Industries, British Telecom, Tozer Kemsley and Millbourn and Crystalate. A put was done in Access Satellite, while doubles were transacted in Derwent Valley, Access Satellite and Telemetrix.

NEW HIGHS AND LOWS FOR 1985/6

NEW HIGHS (255)

BRITISH FUNDS (40), INT. BANK & O'SEAS GOVT. STLG. ISSUES (2), CORPORATION LOANS (3), FOREIGN BONDS (2), AMERICANS (4), BANKS (5), BREWERS (6), BUILDINGS (16), CHEMICALS (4), STORES (12), ELECTRICALS (12), ENGINEERING (14), FOODS (7), HOTELS (2), INDUSTRIALS (40), INSURANCE (3), LEISURE (1), MOTORS (5), NEWSPAPERS (2), PAPER (3), PROPERTY (8), SHIPPING (1), TEXTILES (4), TOBACCOS (1), TRUSTS (54), OILS (1), MINES (1).

NEW LOWS (19)

CANADIANS (1) Abbot Energy. ELECTRICALS (1) [illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	76	20	17
Corpns Dom & Foreign Bonds	36	3	42
Industrials	351	314	857
Financial & Props	178	52	348
Oils	16	32	78
Plantations	0	4	12
Mines	42	30	108
Others	117	23	76
Totals	814	478	1,536

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Thur Mar 6 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Wed Mar 5 Index No.	Tue Mar 4 Index No.	Mon Mar 3 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (212)	685.40	[illegible]								
2 Building Materials (24)	720.65	[illegible]								
3 Contracting, Construction (27)	[illegible]									
4 Electricals (13)	1857.73	[illegible]								
5 Electronics (38)	1706.06	[illegible]								
6 Mechanical Engineering (63)	383.79	[illegible]								
8 Metals and Metal Forming (7)	294.50	[illegible]								
9 Motors (18)	269.73	[illegible]								
10 Other Industrial Materials (22)	1225.76	[illegible]								
21 CONSUMER GROUP (184)	857.76	[illegible]								
22 Brewers and Distillers (23)	859.78	[illegible]								
25 Food Manufacturing (22)	606.97	[illegible]								
26 Food Retailing (14)	1866.29	[illegible]								
27 Health and Household Products (10)	1458.95	[illegible]								
29 Leisure (25)	878.63	[illegible]								
31 Publishing & Printing (13)	2169.97	[illegible]								
32 Packaging and Paper (15)	426.84	[illegible]								
34 Stores (43)	803.57	[illegible]								
35 Textiles (16)	473.96	[illegible]								
36 Tobaccos (3)	1072.07	[illegible]								
39 OTHER GROUPS (86)	817.34	[illegible]								
42 Chemicals (19)	928.59	[illegible]								
44 Office Equipment (4)	253.40	[illegible]								
45 Shipping and Transport (12)	1585.43	[illegible]								
47 Telephone Networks (2)	994.46	[illegible]								
48 Miscellaneous (49)	979.81	[illegible]								
49 INDUSTRIAL GROUP (482)	812.29	[illegible]								
51 Oil & Gas (18)	1104.36	[illegible]								
59 500 SHARE INDEX (500)	838.97	[illegible]								
61 FINANCIAL GROUP (118)	571.59	[illegible]								
62 Banks (7)	576.74	[illegible]								
65 Insurance (Life) (9)	868.75	[illegible]								
66 Insurance (Composite) (7)	464.17	[illegible]								
67 Insurance (Brokers) (8)	1244.71	[illegible]								
68 Merchant Banks (11)	336.35	[illegible]								
69 Property (51)	725.73	[illegible]								
70 Other Financial (25)	327.44	[illegible]								
71 Investment Trusts (103)	703.29	[illegible]								
81 Mining Finance (3)	279.63	[illegible]								
91 Overseas Traders (14)	653.13	[illegible]								
99 ALL-SHARE INDEX (738)	761.12	[illegible]								
FT-SE 100 SHARE INDEX ♦	1566.1	[illegible]								

FIXED INTEREST

PRICE INDICES	Thur Mar 6	Day's change %	Wed Mar 5	xd adj. today	xd adj. 1986 to date
British Government					
1 5 years	123.24	+0.14	123.08	—	1.78
2 5-15 years	136.61	+0.16	136.39	—	2.16
3 Over 15 years	144.05	+0.27	143.67	—	3.13
4 Irredeemables	159.23	+0.58	158.31	—	1.62
5 All stocks	133.71	+0.17	133.48	—	2.10
Index-Linked					
6 5 years	107.93	−0.37	108.33	—	0.81
7 Over 5 years	108.79	−0.56	109.40	—	0.71
8 All stocks	108.64	−0.52	109.21	—	0.73
9 Debentures & Loans	116.78	+0.28	116.47	—	1.23
10 Preference	82.16	+0.24	81.98	—	1.67

♦ Opening index 1574.1; 10 am 1573.5; 11 am 1569.2; Noon 1568.2; 1 pm 1567.8; 2 pm 1568.0; 3 pm 1567.9; 3.30 pm 1567.5; 4 pm 1567.5.

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Cadbury Schweppes	[illegible]	
Commercial Union	[illegible]	
Corah	[illegible]	
[illegible]		
Grand Metropolitan	[illegible]	
Harris Queensway	[illegible]	
ICI	[illegible]	
Int Signal & Control	[illegible]	
Lex Service	[illegible]	
NatWest Bank	[illegible]	
TI	[illegible]	
Trafalgar House	[illegible]	

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Comm Union	[illegible]		
ICI	[illegible]		
BAT Inds	[illegible]		
Brit Aerospace	[illegible]		
BSR Intl	[illegible]		
BTR	[illegible]		
NatWest Bank	[illegible]		
Raine Inds	[illegible]		
Helical Bar	[illegible]		
RTZ	[illegible]		
BOC	[illegible]		
Cable and Wire	[illegible]		

EUROPEAN OPTIONS EXCHANGE

Series	May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
[illegible]							

TOTAL VOLUME IN CONTRACTS: 45,569.

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls July	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
[illegible]							

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
[illegible]							

Option		Calls Mar.	Calls June	Calls Sept.	Puts Mar.	Puts June	Puts Sept.
[illegible]							

March 6 Total contracts 24,211 Calls 19,302 Puts 4,909 *Underlying security price

WORLD STOCK MARKETS

CANADA

TORONTO

Prices at 2.30pm March 6

MONTREAL

Closing prices March 5

Sales	Stock	High	Low	Close	Chng
117533	Bank Mont	$27½	27¼	27½	−⅛
1213	BombrdrA	$17½	17½	17½	+⅛
68250	BombrdrB	$17½	17	17¼	+½
2000	CB Pak	$28	27½	27½	−½
40044	Cascades	$15⅝	15⅜	15½	−⅛
1290	CIL	$34⅝	33½	34⅝	+1
8932	ConBath	$25¾	25¼	25¾	+¾
29168	DomTxtA	$17¾	17¼	17⅝	+½
13210	Gaz Metro	$11⅜	11¼	11½	
22105	MntTrst	$18⅝	17⅞	18½	+⅝
42306	NatBk Cda	$24⅛	23¾	24	
60875	Power Corp	$28⅛	26	28⅛	+½
21252	Provigo	$18⅞	18⅜	18⅞	
1100	RollandA	$21	20⅞	21	
58958	Royal Bank	$28	27¾	27⅞	
1523	RoyTrstco	$32⅛	28¾	28¾	−⅜
1550	SteinbrgA	$38½	38⅛	38½	+½

Total Sales 4,374,793 shares

F—No voting rights or restricted voting rights.

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

NYSE-Consolidated 1500 Actives

TORONTO

	Mar. 6	Mar. 5	Mar. 4	Mar. 3	1985-86 High	1985-86 Low
AUSTRALIA						
All Ord. (1/1/80)	1063.9	1058.3	1058.3	1063.8	1075.8 (4/2/86)	715.5 (7/1/85)
Metals & Mins. (1/1/80)	508.8	511.3	510.9	513.3	565.8 (29/5)	362.5 (7/1/85)
AUSTRIA						
Credit Aktien (2/1/62)	110.48	110.12	116.70	111.38	128.82 (15/1/86)	58.21 (24/1/85)
BELGIUM						
Brussels SE (1/1/80)	3275.52	3295.30	3306.67	3289.32	3306.67 (4/3/86)	2080.7 (16/1/85)
DENMARK						
Copenhagen SE (3/1/83)	(U)	238.38	236.60	234.81	238.58 (5/3/86)	158.44 (8/1/85)
FRANCE						
CAC General (6/1/80)	311.8	309.0	304.9	303.0	324.1 (24/2/86)	180.3 (3/1/85)
Ind Tendance (31/12/85)	118.9	116.5	114.9	115.6	123.3 (24/2/86)	100.0 (31/12/85)
GERMANY						
FAZ Aktien (31/12/58)	666.94	663.41	657.26	639.55	710.76 (15/1/86)	382.55 (3/1/85)
Commerzbank (1/12/53)	2012.4	2005.2	1987.5	1921.4	2161.8 (16/1/86)	1111.8 (3/1/85)
HONG KONG						
Hang Seng Bank (31/7/64)	1668.51	1664.33	1695.77	1685.05	1826.84 (8/1/86)	1220.74 (2/1/85)
ITALY						
Banca Comm Ital. (1972)	587.34	575.06	565.01	571.11	587.34 (6/3/86)	228.58 (2/1/85)
JAPAN**						
Nikkei (16/5/49)	13861.6	13807.5	13784.5	13757.3	13901.5 (6/3/86)	11545.2 (5/1/85)
Tokyo SE New (4/1/68)	1114.18	1101.74	1099.24	1099.69	1114.18 (6/3/86)	916.95 (4/1/85)
NETHERLANDS						
ANP.CBS General (1970)	251.4	249.3	245.2	240.4	261.9 (8/1/86)	185.8 (8/1/85)
ANP.CBS Indust (1970)	245.5	243.9	238.0	234.9	255.3 (17/1/86)	147.9 (3/1/85)
NORWAY						
Oslo SE (4/1/83)	349.49	350.30	351.21	357.76	412.89 (12/11)	289.10 (2/1/85)
SINGAPORE						
Straits Times (30/12/66)	516.82	522.78	626.25	624.57	852.05 (7/5/85)	588.41 (25/1/86)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1199.1	1185.6	1205.3	1307.8 (27/1/86)	829.3 (5/8)
JSE Indust (28/9/78)	—	1139.8	1144.8	1148.5	1164.7 (28/2/86)	797.1 (7/8/85)
SPAIN						
Madrid SE (30/12/85)	132.26	136.39	137.27	135.04	137.27 (4/3/86)	100.0 (30/12/85)
SWEDEN						
Jacobson & P (31/12/56)	1987.55	1889.40	1887.22	1851.88	1987.23 (6/1/86)	1285.52 (9/7)
SWITZERLAND						
SwissBankCpn (31/12/58)	574.4	572.4	594.4	567.9	825.3 (6/1/86)	388.7 (3/1/85)
WORLD						
M.S. Capital Intl. (1/1/70)	—	282.0	282.3	281.8	283.5 (28/2/86)	194.5 (4/1/85)

** Saturday March 1: Japan Nikkei 13,727.86. TSE 1,095.45.

Base value of all indices are 100 except JSE Gold—255.7. JSE Industrial—264.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES

Con 9¾% '05 A (£20pd)	£22¾	+ ¾
Ex 12% 2013/17	£123¾	+ ⅞
Allied-Lyons	315	+ 12
Armstrong Eq	116	+ 6
Cadbury Schw	170	+ 4
Fisher (A.)	183	+ 13
Harris Queens	250	+ 10
Heywood Will	200	+ 19
Lec Refrig	303	+ 13
Lonrho	410	+ 10
Mayer Intl	208	+ 9
Norcros	230	+ 11
Office & El	217	+ 7
Poseidon	150	+ 10
Quest Auto	35	+ 9
Questel	205	+ 17
Reckitt & Col	749	+ 20
Standard Chart	552	+ 25
TI	471	+ 18
Williams Hldgs	548	+ 26
Wolseley-Hughes	546	+ 21

FALLS

Tr 2½% IL '11	£100¾	− ¾
Barclays	488	− 15
Brit Aero	563	− 15
Grand Met	410	− 10
Halical Bar	128	− 20
Lex Service	321	− 14
Lasmo	140	− 10
Shell Trans	698	− 12
Tricentrol	115	− 8

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 45

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Schillings.

Prices at 3pm, March 6

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
21	10⅝	AAR s			18	1853	20¼	19½	20¼	+ ⅛
25⅜	10¼	AGS			18	108	23	22½	22⅞	+ ⅛
14	9⅞	AMCA				74	16⅛	12½	13⅛	+ ¾
53½	37½	AMR			8	5278	50⅞	49⅝	49⅞	+ ¼
25⅜	18⅝	AMR pf	2.18	6.5		19	u25¾	25½	25½	
21½	18	ANR pf	2.12	10.		1	20½	20½	20½	− ½
12½	7⅝	APL			7	35	11⅞	11⅝	11⅞	+ ⅛
18¾	10⅜	ARX			14	37	15⅛	15	15⅛	
55⅜	32¾	ASA	2a	5.4		352	37⅛	36¼	36⅞	− ⅜
25	10½	AVX		2.0		1279	16⅝	18	18	− ¼
29½	20⅝	AZP	2.72	8.3	8	815	29⅛	29	29⅛	
73½	48⅜	AbtLab	1.40	1.9	18	1510	u74⅜	73⅛	73⅞	+ ⅞
30¼	19⅝	AccoWd	.55	1.7	21	45	29⅛	29⅝	29⅝	− ¼
24¾	10	AcmeC	.40	3.3	17	363	12⅝	12	12	− ⅛
10	7	AcmeE	.32b	3.7	18	3	8¾	8¾	8¾	
19¾	16⅛	AdaEx	1.90e	10.		156	18¾	18½	18⅝	+ ¼
26	14	AdmMl	.40	1.5	11	40	25⅞	25⅝	25⅞	+ ⅛
20⅜	8¾	AdvSys	1.36t	8.9	18	101	20⅜	19½	18¾	− ⅝
34	22⅞	AMD				1314	30½	29⅞	29⅞	− ⅞
12⅝	8	Adobe n			25	9	d	8¾	8¾	− ¼
18⅝	14½	Adob pf	1.84	12.		118	15¾	15⅝	15¾	− ¼
18½	15¼	Adob pf	2.40	13.		18	18⅝	18⅜	18⅝	+ ⅛
17	8⅛	Advest	.12a	.7	15	289	16½	16	16⅜	+ ¼
62¾	39⅛	AetnLf	2.34	4.3	16	7983	81½	60⅞	81¼	+ ¾
57½	52½	AetL pf	5.19e	9.5		651	54⅝	54⅛	54⅜	+ ⅜
101	99¾	AetL pfC	.92e	0		5	101	101	101	
68¼	27¼	Ahmns	1.20	1.9	8	3883	63⅜	61⅜	61⅞	− ⅞
4¾	2½	Aileen			218	59	4½	4⅜	4⅜	− ⅛
80¾	46⅞	AirPrd	1.48	1.9	18	1446	77⅞	77	77⅛	+ ⅛

Continued on Page 45

NYSE COMPOSITE PRICES

Continued from Page 44

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		X Y Z								
71	42⅞	Xerox	3	4.3	16	1853	70½	69½	69⅝	−⅛
57⅞	48	Xerox pf	5.45	9.7		12	56⅛	56	56⅛	−⅛
37	26	ZaleCp	1.32	3.7	14	128	35½	59¼	35½	
15⅝	3½	Zapata	.03j		51	620	4½	4¼	4⅜	
66¾	40¼	Zayre s	.48	.7	20	1000	65¾	64¾	65⅝	+¾
25	16¼	ZenithE				2909	u25½	24¾	25⅜	+⅛
30½	9¾	ZenLbs	.10i	.4	16	804	27⅜	26¾	27¼	+⅛
25¾	17¼	Zero s	.35	1.5	19	50	24⅞	24⅝	24⅝	−⅛
44⅞	26¾	Zurnin	1.32	2.6	16	362	u45¾	44¾	45½	+⅝

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, March 6

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 43

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Rate hopes return to centre stage

PROSPECTS for an early cut in the federal discount rate returned to the centre of the Wall Street stage yesterday after central bank rates were reduced in West Germany and other European countries, with the Bank of Japan expected to follow suit today, *writes Terry Byland in New York.*

US Treasury bill rates and other money market rates turned down, bond prices rose by a full point and the stock market fought its way up towards the Dow 1,700 level again.

By 3pm the Dow Jones industrial average was 6.26 up at 1,694.92.

A fall of around 17 basis points to 6.89 per cent on Treasury bill bond equivalent rates hrought the fall over the past five sessions to 27 basis points, putting bill rates into territory suggesting an early cut in the Fed discount rate from its present level of 7.5 per cent. Speculation over the discount rate increased as midsession passed without market intervention by the Federal Reserve.

The stock market was restrained at first by weakness in oil shares in the wake of Amerada Hess, which tumbled $3½ to $19½ in massive trading after omitting the dividend and warning of a "substantial loss" ahead. Occidental Petroleum, down $¼ at $24¾ in heavy trading, firmly denied any intentions to trim the dividend. But a firmer trend in Chicago oil futures helped Exxon steady to its overnight price of $52¾. Car stocks, beneficiaries both of lower oil prices and interest rates, led the blue chips forward. Ford gained $1½ to $72¾, Chrysler $⅞ to $39¾ and General Motors common stock $⅞ to $39¾. Confidence in the outlook came from the major car makers, which plan to keep production strong despite last month's fall in sales.

Other interest rate stocks to advance included utility issues and the banks, led by J. P. Morgan, up $⅞ at $71⅞, and Bankers Trust, up $⅞ at $41¼.

Stocks in the savings and loans groups responded firmly to forecasts of record profits this year as US house buyers refinance their mortgages as rates fall. Financial Corporation of America gained $⅝ to $16 while A. H. Ahmanson added $⅜ to $12½.

The weakening dollar pushed pharmaceuticals ahead although at $147⅞, up $⅞, Merck was below its best. Chemicals looked firmer, led by Du Pont, with a $⅝ gain at $69⅜.

Among defence stocks, United Technology firmed $1¼ to $53¼, and McDonnell Douglas at $79⅜ gained $⅝, but Lockheed, at $54, shed a further $⅝ on recent bearish comment from market analysts.

The technology sector was unsure of itself, and IBM featured with a $2⅛ fall to $146 in busy trading. By contrast, there were buyers for NCR which jumped $1⅞ to $42⅞. Digital Equipment attracted strong support, adding $1⅞ to $163.

Airlines were mixed and continued to feature takeover speculation. Eastern steadied at $8⅜ after USAir made a routine filing in connection with Texas Air's planned acquisition of Eastern.

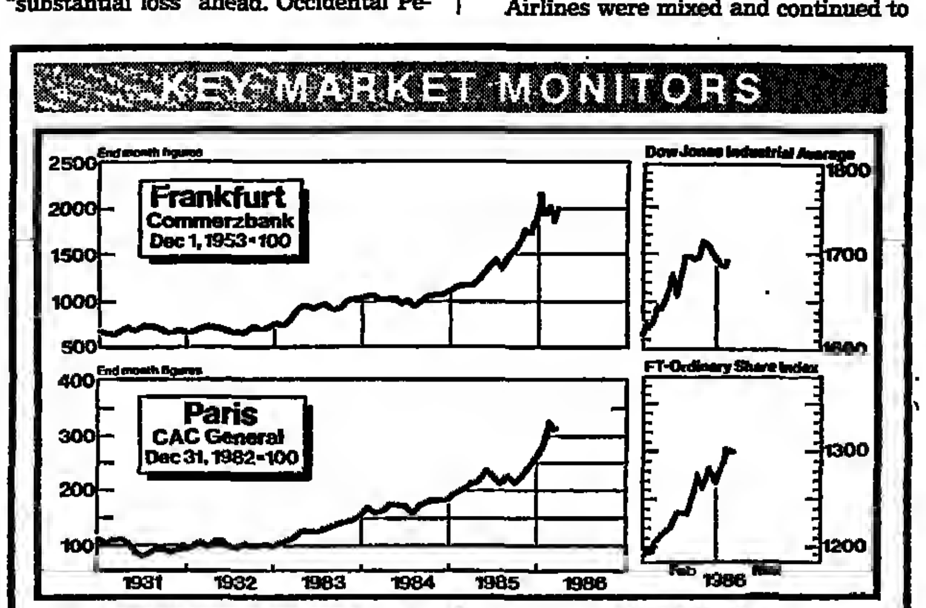
Western Air, $⅛ easier at $11⅜, was again prominent in the NYSE list of active stocks. United eased $⅞ to $55⅛ as the market shied away from the increasing competition posed if the latest mergers become effective.

Another recent speculative favourite to move ahead was Deere, the farm equipment manufacturer, which bounced up $1⅞ to $33⅞ despite a firm denial from the boardroom of market hints that General Motors might extend its interest in Deere beyond the existing diesel engine project.

White Consolidated, which is legally fighting off the $711m bid from Electrolux of Sweden, eased $⅛ to $47⅞ as Wall Street awaited the outcome of White's search for a white knight.

In the bond markets, long-dated issues were 1¼ points up at midsession, bringing the key yield down to 8.15 per cent – a drop of 14 basis points. The session opened with a burst of profit-taking after confirmation that the Bundesbank had cut its discount rate. Prices soon climbed higher, however.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	March 6	Previous	Year ago
DJ Industrials	1,694.92*	1,686.90	1,280.37
DJ Transport	787.78*	785.57	622.23
DJ Utilities	182.29*	182.45	148.39
S&P Composite	224.57*	224.37	180.65
LONDON			
FT Ord	1,299.4	1,301.3	987.6
FT-SE 100	1,566.1	1,569.1	n/a
FT-A All-share	761.12	762.12	618.26
FT-A 500	n/a	n/a	n/a
FT Gold mines	339.8	337.8	481.0
FT-A Long gilt	9.70	9.78	n/a
TOKYO			
Nikkei	13,901.56	13,807.46	12,498.70
Tokyo SE	1,114.18	1,101.70	990.59
AUSTRALIA			
All Ord.	1,053.8	1,058.4	797.7
Metals & Mins.	508.8	511.3	481.4
AUSTRIA			
Credit Aktien	110.48	110.12	71.20
BELGIUM			
Belgian SE	3,273.32	3,293.30	2,309.23
CANADA			
Toronto			
Metals & Minls	2,307.3*	2,272.5	2,096.0
Composite	2,810.0*	2,889.50	2,643.0
Montreal			
Portfolio	1,475.87*	1,460.74	132.39
DENMARK			
SE	237.56	238.36	177.72
FRANCE			
CAC Gen	311.00	309.00	205.6
Ind. Tendance	118.00	116.50	111.1
WEST GERMANY			
FAZ-Aktien	665.84	663.41	417.60
Commerzbank	2,012.40	2,005.20	1,201.8
HONG KONG			
Hang Seng	1,668.51	1,664.33	1,383.28
ITALY			
Banca Comm.	587.34	575.08	272.89
NETHERLANDS			
ANP-CBS Gen	251.40	249.30	206.8
ANP-CBS Ind	245.50	243.90	163.0
NORWAY			
Oslo SE	349.46	350.50	317.10
SINGAPORE			
Straits Times	619.02	622.78	849.72
SOUTH AFRICA			
JSE Golds	–	1,199.1	–
JSE Industrials	–	1,139.8	–
SPAIN			
Madrid SE	132.26	136.39	112.17
SWEDEN			
J & P	1,887.55	1,888.40	1,443.79
SWITZERLAND			
Swiss Bank Ind	574.40	572.40	428.8

WORLD	Mar 6	Prev	Year ago
MS Capital Int'l	282.80	282.9	196.6

COMMODITIES

(London)	March 6	Prev
Silver (spot fixing)	384.25p	388.70p
Copper (cash)	£998.75	£998.00
Coffee (Mar)	£2,570.00	£2,504.50
Oil (spot Arabian Light)	n/a	n/a

GOLD (per ounce)

	March 6	Prev
London	$343.50	$341.50
Zürich	$343.50	$341.25
Paris (fixing)	$345.34	$346.40
Luxembourg	$342.00	$342.45
New York (April)	$344.30	$344.50

CURRENCIES

	US DOLLAR		STERLING	
(London)	March 6	Previous	March 6	Previous
$	–	–	1.4580	1.4520
DM	2.243	2.266	3.265	3.285
Yen	179.3	181.6	261.5	263.5
FFr	6.90	6.955	10.055	10.095
SFr	1.899	1.912	2.765	2.775
Guilder	2.534	2.555	3.695	3.70
Lira	1,525	1,532	2,223.5	2,223.5
BFr	45.95	46.0	67.0	66.8
C$	1.415	1.412	2.0630	2.0495

INTEREST RATES

Euro-currencies (3-month offered rate)	March 6	Prev
£	12	11 15/16
SFr	3 11/16	3 11/16
DM	4 5/16	4 5/16
FFr	14⅝	14⅝
FT London Interbank fixing (offered rate)		
3-month US$	7 11/16	7 11/16
6-month US$	7½	7 11/16
US Fed Funds	7¾*	7¾
US 3-month CDs	7.25*	7.50
US 3-month T-bills	6.88*	7.05

US BONDS

Treasury

		March 6 Price	March 6 Yield	Prev Price	Prev Yield
8	1988	101 5/32	7.361	100 27/32	7.549
8¾	1993	104 21/32	7.856	103 27/32	8.031
8⅞	1996	105 28/32	8.006	105	8.131
9¼	2016	111 21/32	8.173	110 25/32	8.271

Treasury Index

Maturity (years)	Return index (March 5)	Day's change	Yield	Day's change
1–30	146.00	+0.33	7.90	+0.24
1–10	139.92	+0.27	7.71	+0.19
1– 3	132.29	+0.17	7.50	+0.12
3– 5	142.08	+0.32	7.78	+0.23
15–30	167.78	+0.66	8.54	+0.50

Source: Merrill Lynch

Corporate	March 6 Price	March 6 Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	101¾	9.85	n/a	n/a
3⅞ July 1990	90⅞	8.51	89	6.85
8¼ May 2000	97	9.13	101¾	9.85
Xerox				
10⅞ Mar 1993	107⅞	8.41	107	8.51
Diamond Shamrock				
10⅜ May 1993	101¼	10.25	100⅞	10.36
Federated Dept Stores				
10⅜ May 2013	109¼	9.65	108⅞	9.70
Abbot Lab				
11.80 Feb 2013	114½	10.20	114½	10.20
Alcoa				
12¼ Dec 2012	113½	10.70	113⅝	10.70

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Mar	94–14	96–12	94–05	95–24
US Treasury Bills (IMM) $1m points of 100%				
Mar	93.39	93.39	93.26	93.17
Certificates of Deposit (IMM) $1m points of 100%				
Mar	92.61	92.61	92.61	92.62
LONDON				
Three-month Eurodollar $1m points of 100%				
Mar	92.45	92.49	92.43	92.40
20-year Notional Gilt £50,000 32nds of 100%				
Mar	117-00	117-25	117-00	116-18

* *Latest available figures*

TOKYO

Caution subsides at peaks

LARGE-CAPITAL electricity and financial stocks soared on expectations of another Bank of Japan discount rate cut in Tokyo yesterday and pushed the Nikkei stock average to above 13,900 for the first time, *writes Shigeo Nishiwaki of Jiji Press.*

The key indicator added 94.10 to 13,901.56, the fifth consecutive rise, on a volume of 625m shares, compared with 626m shares the previous day. Advances led declines by 532 to 352, with 105 issues unchanged.

Buyers concentrated on some large-capital stocks in the afternoon as Mr Satoshi Sumita, Bank of Japan governor, had told a press conference on Wednesday that the central bank would decide whether to cut the discount rate after the board of the West German Bundesbank met and after a report on Japan's short-term industrial outlook was released today.

Tokyo Electric Power was actively traded Y90 higher to Y3,190 and Kansai Electric Power Y80 to Y2,330. Tokyo Gas, also active, firmed Y4 to Y356.

Financial issues advanced almost across the board. Mitsubishi Bank added Y40 to Y1,500, and Chiba Bank climbed a maximum Y100 to Y814.

Long-term credit and trust banks, as well as securities companies, strengthened. Nomura Securities moved up Y50 to Y1,320 on reports that it had acquired a seat on the London Stock Exchange.

Nippon Express gained Y16 to Y895 and C. Itoh added Y10 to Y451 due to the likelihood of interest rates coming down.

Low-priced speculative stocks were popular in morning trading. Nichiro Gyogyo headed the active list with 23.71m shares traded, but it eased Y2 to Y362 on profit-taking after rising Y15 from the previous day on rumours of speculator purchases.

Nissho Iwai climbed in early trading on talk about an urban redevelopment project but shed Y2 to Y330. Nitto Boseki fell Y8 to Y575 and Dainippon Ink and Chemicals Y8 to Y354.

Conversely, Janome Sewing Machine revived after its slack performance over the past several days and rose a maximum Y100 to Y1,310 while Tokyo Juki Industrial went up Y25 to Y985.

Biotechnology-related stocks attracted lively buying interest, with Kyowa Hakko rising Y70 to Y1,140 and Shionogi Y29 to Y917.

Some blue-chip issues were also bought. Hitachi added Y747 on volume of 6.04m shares. Sanyo Electric firmed Y10 to Y405, Sony Y40 to Y3,640 and Nippon Kogaku Y20 to Y1,060.

Reflecting strong hopes for another discount rate cut, yields on bonds hit all-time lows. The yield on the benchmark 6.6 per cent government bond due in December 1994 plunged from 5.245 per cent to 5.165 per cent.

EUROPE

Bundesbank seizes the initiative

THE DECISION by the West German Bundesbank to cut its discount rate to 3.5 per ceot from 4 per cent signalled falls in bank interest rates across the continent. Investors responded, and sbares moved higher again in most bourses.

Despite a brief sell-off after the news of the cut, **Frankfurt** returned to form, and in the final minutes of trading foreign investors, especially from the US, bought heavily to pull prices off their early lows.

The Commerzbank index rose 7.2 to 2,012.4.

Cars continued to profit from the higber dollar, and Porsche led the field with a DM 22 gain to DM 1,222. BMW rose DM 5 to DM 540

In the machine making sector GHH added DM 14.50 to DM 236 and KHD DM 5 to DM 300 while MAN dropped DM 6.50 to DM 192.

Profit-taking dampened banks and chemicals. Deutsche Bank gave up DM 10 to DM 797, and Dresdner DM 4 to DM 395 ex-rights while Schering ended DM 7 lower at DM 536 and Hoechst DM 1.30 to DM 321.20.

Foreign and domestic demand, prompted hy the rate cut, pushed bonds as much as 40 basis points higher. The Bundesbank sold a moderate DM 35.3m worth of domestic paper yesterday after purchasing a befty DM 188.1m on Wednesday.

Following the Bundesbank move, the Dutch central bank announced a ½ percentage point cut in its official discount rate to 4.5 per cent.

Amsterdam continued its higher trend, bolstered by optimism on the rate cut, and almost all sectors recorded gains.

Most activity was seen in the financial sector, with ABN Fl 16 higber at Fl 588 and NMB Fl 7.50 firmer at Fl 222.50.

Mortgage hank WUH was suspended until today after an extraordinary sharebolders' meeting bad discussed a rescue plan. The issue was unchanged at Fl 47.50.

Gains in internationals were limited by the firmer dollar. Unilever added only Fl 1.50 to Fl 366, despite an early gain of almost Fl 4, and Akzo put on Fl 1.60 to Fl 164 while Royal Dutch faded to Fl 168.30, down Fl 1.40 on continued concern over the world oil price.

Bonds rose initially hut fell back after the Bundesbank announcement.

Paris moved one step closer to a system of continuous trading with the introduction of a special morning session for hlock trading in 30 active stocks. This effectively lengthened the trading day by 2½ hours.

Stocks rose on hopes of a cut in interest rates, and 30 minutes after the close the Bank of France lowered its key money market intervention rate by a quarter of a percentage point to 6¼ per cent.

Advances numbered electrical group Radiotechnique, up FFr 39 – about 6.6 per cent – at FFr 613, CIT-Alcatel, FFr 70 higher at FFr 1,660, and BIC, FFr 12 up to FFr 572.

Corporate news fuelled optimism in **Zurich** and, despite the decision not to change local interest rates, stocks ended higher.

Swiss Bank rose again on Wednesday's healthy results, rising SFr 4 to SFr 562.

Oerlikon-Bührle was SFr 50 lower at SFr 1,560 as investors waited for Canada's decision on the purchase of the group's new defence system called Adats.

Milan ended considerably stronger again as shares were pushed to new peaks.

Montedison picked up L170 to L3,940 on news that it had signed a $100m reciprocal trade deal with Chemapol, the Czechoslovakian state chemicals group.

The return to trading of Fermenta featured in a mixed **Stockholm.**

The biotechnology group, which had been suspended for the past two weeks, plunged SKr 30 to SKr 128 in early trading hut recovered to end SKr 16 lower at SKr 142.

Both **Brussels** and **Madrid** were again victims of profit-taking after last week's record closes.

LONDON

Emphasis switches to gilts

THE EMPHASIS switched in London yesterday from leading equities to government securities as interest rate optimism took a stronger hold after confirmation of the cut in the West German discount rate.

Renewed domestic and foreign buying dispelled early doubts over the market resuming Tuesday's upturn. Selected longer bonds rose 1¼ points before reacting late in the session to the Prime Minister's statement against joining the exchange rate mechanism for the EMS.

Another stable performance by sterling and a further slight easing in money market rates contributed to sentiment. All conventional gilts advanced at the expense of index-linked issues. Further switching from the latter brought fresh losses of up to ¾.

Leading industrials gained in early trading and indices hit fresh midday peaks. By the close, however, the FT Ordinary Index lost 1.9 to 1,299.4.

Chief price changes, Page 43; Details, Page 42; Share information service, Pages 40-41

HONG KONG

ANNUAL RESULTS for Hongkong Land were the centrepiece of trading in Hong Kong, and the Hang Seng index added 4.18 to 1,668.51.

It took investors a short time to interpret the results which were accompanied by plans to sell 52m Jardine Matheson shares at HK$11.22 to Jardine Securities, which plans a one-for-five rigbts issue of preferred convertible sbares.

HK Land firmed 10 cents to HK$6.35, Jardine Securities added 10 cents to HK$14.20 and Jardine Matheson retreated 30 cents to HK$12.10.

SINGAPORE

A RELUCTANCE to open new positions deflated Singapore slightly, and the Straits Times industrial index shed 3.76 to 619.02.

Tomorrow's Singapore hudget, although not expected to produce any surprises, forced many operators to the sidelines. Volume contracted to 9.5m shares from Wednesday's 10m.

Singapore Airlines, most active with 1.2m shares traded, closed 30 cents down at S$6.25. Singapore Press managed to move against the trend with a 10-cent gain to S$6.50,

AUSTRALIA

LEADING industrials, spearheaded by BHP, led Sydney lower and the All Ordinaries index slipped 4.5 to 1,053.8.

BHP was unsettled by brisk selling pressure in London after Australian unions asked the steel industry authority to bold an inquiry into Bell Resources' partial bid for the company.

Bell Resources slipped 25 cents to A$4.35, and its parent Bell Group dipped 6 cents to A$6.20.

Newly listed Airship Industries soared 48 cents to 75 cents. Banks were subdued by profit-taking.

SOUTH AFRICA

DIRECTIONLESS trading featured in Johannesburg, with golds mixed and industrials posting small isolated gains.

Buffels added 50 cents to R72, and Vaal Reefs slipped R2 to R226. Among mining financials Gold Fields firmed 50 cents to R40 while Gencor retreated 25 cents to R39.25.

Barlow Rand finished at R15.05, a gain of 5 cents, while AE&CI added 25 cents to R10.75.

CANADA

INDUSTRIAL AND MINING issues led a rally in Toronto as golds and utilities eased.

Canadian Pacific added C$½ to C$16¼, Inco edged C$½ higher to C$22¼ and Dominion Textile gained C$⅜ to C$16.

McMillan Bloedel was unchanged at C$29 after announcing plans to delist its stock from the NYSE.

Montreal made hroad gains with the exception of utilities.